



To enrich lives through effective and caring service



June 22, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER AND
DIRECTOR OF THE DEPARTMENT OF BEACHES AND HARBORS TO APPROVE
AND AUTHORIZE EXECUTION OF AMENDMENT TO SECOND AMENDED AND
RESTATED LEASE NO. 55624 – PARCEL 125R (MARINA CITY CLUB) – MARINA
DEL REY
(4th DISTRICT)
(4 VOTES)**

IT IS JOINTLY RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed Amendment to the Second Amended and Restated Lease No. 55624 for Parcel 125R (Exhibit 1) is categorically exempt under the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chairman of the Board to sign three copies of Amendment No. 4 to the Second Amended and Restated Lease No. 55624 for Parcel 125R (Amendment).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

County and Marina City Club, L.P. were original parties to that certain Second Amended and Restated Lease (Lease) dated October 27, 1987 that allowed establishment of a condominium plan and assignment of subleased condominium interests (Condominium Subleases) in the 600 high-rise units (Condominium Units) constructed on the leasehold. The Lease was subsequently assigned to Essex Portfolio L.P., a California limited partnership (Lessee), on December 11, 2003. The leasehold contains 600 Condominium Units and also 101 low-rise apartment units, a promenade and certain common area facilities.

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The Condominium Subleases provide, among other terms, for the continued payment of ground rent to the County and for continuing contributions to the maintenance of the condominium portions of the leasehold. The proposed Amendment provides a one-time opportunity for holders of Condominium Subleases (Condominium Sublessees) to modify the terms of their Condominium Subleases to provide: a) a temporary freeze on annual increases in rent due the County; b) a fixed (rather than the current variable) increase in payments due the County in future years; c) a mechanism for utilization of certain accumulated rents paid to the County to address the funding of infrastructure and capital improvements relating to leasehold facilities; and d) a mechanism for repayment to the County of advanced and deferred rent amounts, with interest. The proposed Amendment is a continuation of a policy adopted by your Board in January 1999, wherein the Department was instructed to establish a deferred revenue account to deposit certain incremental rent increases from the leasehold pending agreement that would address both rent and leasehold facilities concerns.

Current Lease Provisions:

Pursuant to the terms of the Lease, the Condominium Units were assigned to Marina City Condominiums, a California limited partnership, and subsequently individually assigned, on a condominium-by-condominium basis, to individual Condominium Sublessees, together with the undivided leasehold interest in the common areas and appurtenant rights applicable to each Condominium Unit. The Lease requires the Lessee to pay, among other payments, percentage rents for each Condominium Sublease, the amount of which rents are determined, in part, by "shadow rent". "Shadow rent" is an amount meant to approximate the rent the County would have received had the condominiums remained rental apartments. This device was designed as a quid-pro-quo for the County's consent to allow condominium sales of a sublease interest in the Condominium Units.

While the parties to the Lease are the County and Lessee, and the parcel contains both apartments and Condominium Units, the Lessee (in the case of the Condominium Units) acts essentially as a pass-through for the payment of the County's monthly "shadow rent"

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by the individual Condominium Sublessees. The individual Condominium Sublessees have a possessory interest in the Condominium Units purchased and may sell their interest to others, however at the end of the lease term (2067), full title and use rights to all of the Condominium Units, as well as all rights to common areas and all appurtenant rights, will revert to the County. The amount of shadow rent was set at the date of the condominium conversion and by the terms of the Lease is adjusted annually in accordance with an index, reflecting changes in Westside Los Angeles residential prices and the Consumer Price Index (CPI). The County also receives one percent (1%) of gross sale proceeds (Administrative Transfer Fee) as each Condominium Unit is "sold" (assigned) throughout the term of the Lease.

Further, while the County looks to the Lessee for maintenance of the three condominium towers and associated common areas as a legal matter pursuant to the terms of the Lease, the primary financial burden of funding both the maintenance and any needed structural repairs falls to the individual Condominium Sublessees. In response to the Condominium Sublessees' requests for certain adjustments in shadow rent and in order to aid in correcting building structural and infrastructure deficiencies, your Board directed that all amounts representing annual increases in shadow rent starting January 1, 1999 be held in a separate account pending consideration and negotiation between the County, the Lessee and the Condominium Sublessees of a plan to accomplish the expressed needs of the Condominium Sublessees and preserve the County's lease revenue benefits. In addition, during the interim period of negotiation and pursuant to action of your Board on December 16, 2003, the shadow rent increase scheduled to take effect on January 1, 2004 was also suspended pending finalization of the proposed Amendment, subject to reinstatement and/or repayment, with interest at the County's "pool rate", if the Amendment does not become effective, as is more fully described below.

Amendment Provisions:

The Amendment will establish two categories of Condominium Sublessees as follows: a) Condominium Sublessees who timely elect to modify their Condominium Subleases

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(Category A Condominium Sublessees); and b) Condominium Sublessees who do not elect to modify their Condominium Subleases or do not make a timely election to do so (Category B Condominium Sublessees).

The proposed Amendment, if approved by your Board, becomes effective only upon fulfillment of certain preconditions – principally the affirmative election by not less than 480 of the 600 Condominium Sublessees, coupled with the consent of their individual lenders, to the proposed Condominium Sublease modifications. A complete list of the preconditions to the effectiveness of the Amendment is provided in Exhibit B to the attached Amendment.

The Amendment, once effective, will provide for both a temporary “freeze” on increases in shadow rent for Category A Condominium Sublessees only, and utilization of the amounts of shadow rent increases accumulated pursuant to your Board’s direction since January 1, 1999 (which will further accumulate during the proposed temporary freeze period extending through 2006) to fund the cost of certain defined capital improvements to leasehold infrastructure and other capital improvement items (as specified in Exhibit W to the attached Amendment). Amounts advanced for such authorized capital improvements to the leasehold will be provided on a reimbursable basis only in amounts in proportion to the percentage that Category A Condominium Sublessees bear to the total Condominium Sublessee pool (i.e., if Category A Condominium Sublessees equal 90% of the total sublessee pool, 90% of such costs will be advanced, and the Category B Condominium Sublessees will be separately assessed by the Lessee for their pro-rata share of such costs). Such advanced amounts are to be repaid, with interest, by the Category A Condominium Sublessees over time from an increase in Administrative Transfer Fees payable to the County upon any sale of a Condominium Unit from the current level of one percent (1%) of gross sale proceeds to two and one-half percent (2.5%), and from either assessments or further increases (if necessary) in shadow rent percentage in later years should the increased Administrative Transfer Fee amounts prove insufficient to both fully amortize the amounts, with interest, advanced to the Lessee and to recover the rent loss due to the temporary freeze on increased shadow rent.

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All interest that may become due under the terms of the Amendment is payable at the rate equal to the investment yield earned on the County's Treasury Pool during such period, as contained in County's Report of Investments covering such period (County "pool rate").

Amendment Preconditions – Effect of Failure to Meet Preconditions:

The Amendment requires that a number of preconditions be satisfied by the Lessee and Condominium Sublessees, including execution of amendments to each of at least 480 of the Condominium Subleases and consent of any Condominium Unit lender to such amendment. If the Amendment does not become effective on or before June 30, 2004, any amounts that would otherwise be payable to County in the form of increased Administrative Transfer Fees due to Condominium Unit transfers that take place between June 30, 2004 and September 30, 2004 must be paid by the Lessee to the County upon the effective date of the Amendment.

If all of the preconditions to effectiveness of the Amendment are not achieved on or prior to September 30, 2004, the Amendment will not take effect and the shadow rent increase scheduled for January 1, 2004 and previously suspended by action of your Board will be retroactively implemented and sums due pursuant to such increase, with interest, become immediately due and payable. If all preconditions are fulfilled and the Amendment becomes effective, Category B Condominium Sublessees will be retroactively assessed with the suspended increased shadow rent amounts and such amounts, with interest, will become immediately due and payable by the Lessee, who will enforce the payment against all Category B Condominium Sublessees through its sublease and enforcement deed rights.

A detailed description of the implementation provisions of the Amendment is provided later herein (see "Facts and Provisions/Legal Requirements").

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Implementation of Strategic Plan Goals

In furtherance of County Goal #4, "Fiscal Responsibility," the recommended action will allow the Department to implement that portion of its Strategic Plan that enhances strategic partnerships with existing and prospective lessees toward preservation of County assets by facilitating repairs and replacement of infrastructure and capital improvements on leasehold property that will eventually revert to County ownership. This recommendation is also consistent with the County's Strategic Plan Goal of "Service Excellence", in that while maintaining appropriate protection of County interests, it allows for and facilitates the preservation of improvements on the leasehold through arrangements with the Lessee.

FISCAL IMPACT/FINANCING

Fiscal impact is limited to the delay in collection of certain portions of County rent for the leasehold, all of which is to be repaid, with interest, in the event the proposed Amendment is not effectuated or repaid over the course of the Lease term, with interest, if the proposed Amendment is approved, the operation of the Amendment being designed to be revenue neutral to the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Amendment Terms:

The proposed Amendment, if approved by your Board, becomes effective only upon fulfillment of certain preconditions – principally the affirmative election by not less than 480 of the 600 Condominium Sublessees, coupled with the consent of their individual lenders, to the proposed Condominium Sublease modifications. A complete list of the preconditions to the effectiveness of the Amendment is provided in Exhibit B to the attached Amendment. The Amendment, once effective, will contain the following elements:

- County will extend a "freeze" on increases in shadow rent for three years, beginning

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January 1, 2004 for all Category A Condominium Units (as discussed further below). Starting January 1, 2007, annual fixed increases in shadow rent of 3.75% will be implemented for all Category A Condominium Units in lieu of the variable rent adjustment index now provided in the Lease.

- County will continue to accumulate the excess amounts of shadow rent over the 1999 shadow rent rate during the three-year "freeze" period.
- County will establish a "Condominium Project Maintenance Account", consisting of the funds and interest thereon collected in excess of the 1999 base amount through January 1, 2007, that will be utilized to reimburse sums for defined capital improvements ("Covered Repairs" as detailed in Exhibit W of the attached Amendment), upon presentation of evidence that such amounts have been fully paid and lien waivers have been obtained for all such contracted work.
- Repayment of all accumulated funds allowed to be utilized for specified capital improvements, plus interest at the County's pool rate, will come from increased County participation on sale proceeds. County's participation in such sale proceeds from all Category A Condominium Units is raised from its current 1% level to 2.5% for all sales occurring after June 30, 2004.
- If such sums advanced for permitted capital improvements have not been fully repaid, with interest, from the increased participation on sale proceeds by 2022, then cash repayment is required, such repayment being secured by a first deed of trust on all Condominium Units.
- If, by 2019, it appears that additional County revenue from increased proceeds participation from Category A Condominium Unit sales will not fully reimburse County for the present value of the loss due to the three-year freeze of increased shadow rent, a "lookback" provision provides a formula for an upward adjustment of shadow rent increase from the fixed 3.75% annual level for the remainder of the

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Lease term, so that the County will be made whole for any such shortfall.

- Lessee will provide a permanent and exclusive easement to the County to permit the widening of the current waterfront promenade from its existing irregular width (ranging from approximately 3.5 feet to 7.5 feet in width) to a uniform width of 12.5 feet.

Further Provisions Relating to Temporary Forebearance:

The County previously, by action of your Board on December 16, 2003, agreed to refrain, for a limited period (Forbearance Period), from implementing the increase in the shadow rent as to each of the Condominium Subleases that was otherwise scheduled to be effective as of January 1, 2004 under the Lease (the "2004 Increase") so as to allow for the negotiation and ultimate implementation of the terms of this proposed Amendment. This suspension will continue to a date not later than September 30, 2004 upon the following terms and conditions:

A) If the Forbearance Period (the period during which the scheduled 2004 shadow rent increase is suspended, not to extend beyond September 30, 2004) ends because the Amendment becomes effective, then the 2004 Increase shall apply only to the Category B Units and be retroactive to January 1, 2004 and, not later than thirty (30) days after the end of the Forbearance Period, Lessee shall pay County the sum of (a) the amount by which the shadow rent for each Category B Unit (as increased by the 2004 Increase) was underpaid during the Forbearance Period, plus (b) interest at the County's pool rate.

B) If the Forbearance Period ends due to the failure of the Amendment to become effective through the failure of one or more of the preconditions of effectiveness listed in the Amendment or otherwise, then the 2004 Increase shall apply to each of the Condominium Sublessees (both the Category A Units and the Category B Units) and be retroactive to January 1, 2004 and, not later than thirty (30) days after the end of the Forbearance Period, Lessee shall pay County the sum of (a) the amount by which the Master Lease

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shadow rent for each Condominium Sublease (as increased by the 2004 Increase) was underpaid during the Forbearance Period, plus (b) interest at the County's pool rate.

The Small Craft Harbor Commission at its meeting of June 9, 2004 unanimously approved the joint recommendation to approve the Amendment. Counsel has approved the Amendment as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment is categorically exempt under the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. This proposed action and the Amendment, in and of themselves, do not authorize any construction or other activity.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services as a result of the Amendment.

CONCLUSION

Please authorize the Chairman to execute three copies of the Amendment and direct the Executive Officer to return two executed copies of the Amendment to the Department of Beaches and Harbors.

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Respectfully submitted,

ORIGINAL SIGNED

David Janssen, Chief Administrative Officer

Stan Wisniewski

Stan Wisniewski, Director
Department of Beaches and Harbors

Attachment (1)

c: Executive Officer
County Counsel

DJ/SW:rm

AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED
LEASE (IMPROVED PARCEL) NO. 55624,
PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR

THIS AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED
LEASE (IMPROVED PARCEL) NO. 55624, PARCEL NO. 125R – MARINA DEL REY
SMALL CRAFT HARBOR (this “Amendment”) is made and entered into this ___ day of
_____, 2004,

BY AND BETWEEN

COUNTY OF LOS ANGELES,
hereinafter referred to as “County”,

AND

ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership, as successor in
interest to Marina City Club, L.P., a California limited
partnership (f/k/a J.H. Snyder Company), hereinafter
referred to as “Lessee”.

WITNESSETH:

WHEREAS, County and Marina City Club, L.P., a California limited partnership (“Original Lessee”), entered into that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987 and identified as Lease No. 55624 (the “Original Lease”), as amended by (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988, (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina del Rey dated August 1, 1992, and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Lease, as so amended, is hereinafter referred to as the “Lease”);

WHEREAS, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, Lessee acquired all of Original Lessee’s right, title and interest in and to, and assumed Original Lessee’s obligations under, the Lease effective as of January 21, 2004;

WHEREAS, the Premises under the Lease are improved with, among other things, three high-rise towers that include 600 residential condominium units commonly known as the Marina City Club Condominiums, with subleasehold interests in said condominium units having been sold to Prepaid Sublessees, each of whom owns its subleasehold interest in the condominium unit subject to the terms of the Lease (each of the Prepaid Sublessees is a “Condominium Sublessee” for purposes of and as defined in the Master Condominium Sublease; however, such persons have not prepaid all amounts payable with respect to their subleasehold interests as each Prepaid Sublessee is obligated to pay, among other things, monthly “Ground Rent”, as defined in the Master Condominium Sublease);

WHEREAS, the Lease requires Lessee to pay to County, among other payments, Percentage Rents for Prepaid Subleases (which are determined, in part, by the Shadow Rent) on a monthly basis and an Administrative Transfer Fee upon each Change of Ownership of a Prepaid Sublessee's interest, all as more particularly provided therein;

WHEREAS, each Prepaid Sublease requires the applicable Prepaid Sublessee to make corresponding payments to Lessee. Specifically, each Prepaid Sublessee is required to pay Lessee (i) monthly "Ground Rent", which is determined, in part, by the "Shadow Rent", and (ii) a "Change in Ownership Fee" upon certain transfers of the Prepaid Sublessee's interest, as defined and as more particularly provided in the Prepaid Sublease for such Prepaid Sublessee's condominium unit (i.e., the Master Condominium Sublease and the Assignment and Assumption of Condominium Sublease for the Marina City Club Tower Apartments between Snyder/Marina, the initial lessee under the Master Condominium Sublease, and the initial condominium sublessee for such unit);

WHEREAS, concurrently herewith, Lessee is affording each of the Prepaid Sublessees the one-time option to modify certain provisions of its Prepaid Sublease, including those regarding the calculation of the monthly "Ground Rent" and the "Change in Ownership Fee" to be paid by such Prepaid Sublessee to Lessee, all as more particularly provided in the form of Condominium Sublease Amendment (as defined in Exhibit B hereto);

WHEREAS, unless each of the Prepaid Sublessees timely elects to modify its Prepaid Sublease as provided in the form of Condominium Sublease Amendment (the "Modified Terms"), as of the date on which such modifications become effective (if that occurs), certain of the Prepaid Subleases will be modified to reflect the Modified Terms and others will remain unmodified; accordingly, for purposes of describing the Prepaid Subleases in the Lease, if sufficient Prepaid Sublessees and their lenders elect to be bound by the Modified Terms (and the other Amendment Conditions (as defined below) are timely satisfied) so that the Modified Terms become effective, County and Lessee desire to establish two categories of Prepaid Subleases, as follows:

(i) those Prepaid Subleases as to which the applicable Prepaid Sublessee makes a timely, affirmative election to be bound by the Modified Terms ("Category A Units"); and

(ii) all other Prepaid Subleases ("Category B Units");

WHEREAS, Lessee and County desire to amend the Lease to, among other things,

(i) freeze the Shadow Rent attributable to Category A Units at its 2003 level through December 31, 2006,

(ii) provide that, commencing January 1, 2007 and continuing each January 1, thereafter until at least January 1, 2018, the Shadow Rent attributable to Category A Units shall be increased by an amount equal to 3.75% of the prior year's Shadow Rent,

(iii) for the Category A Units only, delay implementing the increase in the applicable percentage component of the formula that determines the Percentage Rents for

Prepaid Subleases from 2016 until 2019,

(iv) provide that, effective as of January 1, 2019 and continuing each January 1 thereafter during the term of the Lease, the Shadow Rent attributable to Category A Units may (but shall not necessarily) be increased by a fixed percentage greater than 3.75%, and

(v) increase the Administrative Transfer Fee to be collected by Lessee for the benefit of County (in addition to any similar fee otherwise payable to Lessee for its own account) upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category A Unit to an amount equal to 2.5% of the sales price or other consideration given for such Change in Ownership,

all as more particularly provided in, and subject to the conditions precedent contained in, this Amendment. This Amendment is not intended, and shall not be deemed, to modify any of the provisions in the Lease relating to the Percentage Rents for those Prepaid Subleases that are Category B Units or the Administrative Transfer Fee to be collected by Lessee upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category B Unit.

NOW, THEREFORE, with reference to the foregoing recitals, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. Definitions. All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Lease.

2. Amendment Conditions. This Amendment shall be effective on the date on which a memorandum hereof in the form attached as Exhibit A hereto (the "Memorandum") is recorded in the Official Records of Los Angeles County, California (the "Official Records"). Neither County nor Lessee shall be obligated to execute and deliver the Memorandum unless each of the conditions precedent set forth in Exhibit B hereto (the "Amendment Conditions") has been satisfied or waived by each of County and Lessee on or before June 30, 2004 or such later date as may be agreed to by Lessee, but in no event later than September 30, 2004 (as applicable, the "Outside Date"). If the Amendment Conditions are satisfied or waived on or before the Outside Date, then promptly after the satisfaction or waiver of the last Amendment Condition, County and Lessee shall execute and deliver the Memorandum and cause the same to be recorded in the Official Records.

3. Representations and Warranties. To induce County to enter into this Amendment, Lessee hereby represents and warrants to County as follows:

3.1 Lessee has not assigned its interests as lessee under the Lease or as sublessor under any Condominium Sublease; and

3.2 Lessee has not encumbered its interests in the Lease or in any Condominium Sublease with any deed of trust, mortgage or similar security instrument, nor has Lessee expressly assumed any loan secured by a deed of trust, mortgage or similar security

instrument encumbering the lessee's interest in the Lease or the Sublessor's interest in any Condominium Sublease.

4. Amendments. Effective on the date on which the Memorandum is recorded in the Official Records (the "Effective Date"), the Lease shall be amended as follows:

4.1 Categories of Prepaid Subleases. Subsection 5.02.A of the Lease shall be amended and restated as follows:

"5.02.A Prepaid Subleases. The first category consists of those residential apartments which are subleased for the entire remainder of the term of the Lease, where Gross Prepaid Subrent is paid to Lessee at the beginning of the term of the Sublease. This category is herein called the 'Prepaid Subleases' and the apartments subject to Prepaid Subleases are hereinafter called 'Prepaid Subleased Apartments'. Prepaid Subleases may result either from the use of the Approved Prepaid Sublease Form, as hereinafter defined, pursuant to subsection 10.01.B, or from the sale of a subleasehold estate condominium unit pursuant to subsection 10.01.C. Additionally, for certain purposes of this Lease, including subsection 5.08.B and Section 5.12, the Prepaid Subleases and the Prepaid Subleased Apartments are divided into two sub-categories, as follows: those listed on Exhibit U-1 attached hereto and made a part hereof (the 'Category A Units') and those listed on Exhibit U-2 attached hereto and made a part hereof (the 'Category B Units')."

4.2 Shadow Rent for Prepaid Subleases. Subsection 5.08.B of the Lease shall be amended and restated as follows:

"5.08.B Prepaid Subleases. Percentage Rents for Prepaid Subleases shall be calculated by reference to a Shadow Rent roll, as provided in this subsection 5.08.B. 'Shadow Rent' means an amount designed to approximate the subrent that would otherwise have been paid by Prepaid Sublessees to Lessee had the Prepaid Subleased Apartment continued to have been rented on a short-term basis. For each Prepaid Subleased Apartment, the Percentage Rent payable by Lessee shall equal the product of (i) the applicable percentage under subsection 5.08.B(1) below, and (ii) the applicable Shadow Rent under subsection 5.08.B(2) below.

"(1) Lessee shall pay the following percentages of the Shadow Rent for each Prepaid Subleased Apartment:

"(a) From the commencement of the term through November 6, 1987, seven and one-half percent (7.5%) per year;

“(b) Commencing upon November 7, 1987, and extending through December 31, 1995, ten and one-half percent (10.5%) per year;

“(c) Commencing upon January 1, 1996, and extending through December 31, 2015 for each Category B Unit and December 31, 2018 for each Category A Unit, twelve and one-half percent (12.5%) per year; and

“(d) Commencing on January 1, 2016 for each Category B Unit and on January 1, 2019 for each Category A Unit, and in each case extending through the end of the term, the percentage rate which is the apartment percentages component of the Fair Rental Value of the land and water comprising the Premises, determined in accordance with Section 5.10. In no event, however, shall the percentage actually determined be less than twelve and one-half percent (12.5%) per year, nor greater than fifteen percent (15%) per year.

“(2) The Shadow Rent for each Prepaid Subleased Apartment as of any particular date is as follows:

“(a) As of January 1, 1987, the Shadow Rent for each Apartment Approved for Prepaid Subleases is set forth on Exhibit R attached hereto and made a part hereof (the ‘Initial Shadow Rent’);

“(b) Commencing on January 1, 1988 and continuing on each January 1 thereafter, except as provided in subsections 5.08.B(2)(c), 5.08.B(2)(d) and 5.08.B(3) below with respect to Category A Units only, the Shadow Rent for each Apartment Approved for Prepaid Subleases shall be adjusted based upon the average percentage change in two (2) indices, as more particularly provided in Exhibit V attached hereto and made a part hereof;

“(c) From January 1, 2004 through December 31, 2006, the Shadow Rent for each Category A Unit shall be the same amount as the Shadow Rent for 2003 (i.e., the Shadow Rent shall not be adjusted during such period); and

“(d) Commencing on January 1, 2007 and, subject to subsection 5.08.B(3) below, continuing on each January 1 thereafter throughout the remainder of term, the Shadow Rent for each Category A Unit shall be increased by three and seventy-five-hundredths percent (3.75%).

“(3) Not later than February 1, 2019, County shall perform the ‘Rent Adjustment Analysis’ described in Section II of Exhibit V hereto. If the Rent Adjustment Analysis reveals a ‘Rent Deficiency’ (as defined in Exhibit V) and/or if the ‘Shadow Rent Annual Percentage Increase’ (as defined in Exhibit V) is to be increased pursuant to Section III of Exhibit V, then, effective as of January 1, 2019 and continuing on each January 1 thereafter throughout the remainder of the term, the Shadow Rent attributable to each Category A Unit shall be increased by the fixed percentage (which will be greater than 3.75%) determined pursuant to the procedures specified in and the terms of Exhibit V. If the Rent Adjustment Analysis does not reveal a Rent Deficiency and if no increase in the Shadow Rent Annual Percentage Increase is required under Section III of Exhibit V, then the Shadow Rent shall continue to be increased on each January 1 throughout the remainder of the term at the rate provided in subsection 5.08.B(2)(d) (i.e., 3.75%).

“(4) With respect to the payments required under subsection 5.08.A for the Category A Units for the months of January, February and March of 2019, Lessee shall make such payments on the dates required as though (i) the Shadow Rent was increased by three and seventy-five-hundredths percent (3.75%) on January 1, 2019, and (ii) the applicable percentage under subsection 5.08.B(1) was the same as during 2018. If (x) the Rent Adjustment Analysis and/or the terms of Section III of Exhibit V result in the Shadow Rent being increased by a greater percentage effective as of January 1, 2019, and/or (y) the applicable percentage under subsection 5.08(b)(1) is increased effective as of January 1, 2019 pursuant to Section 5.10, then, in April 2019, Lessee shall pay County, in addition to the monthly payment for that month, the amount necessary to cure the underpayment for the three prior months resulting from the additional increase in Shadow Rent effective as of January 1, 2019 and/or the increase in the applicable percentage under Section 5.08(b)(1) effective as of January 1, 2019.

“(5) Lessee’s obligation to pay a percentage of Shadow Rent for an apartment shall not begin until a Prepaid Sublease is executed for such apartment. After such execution, Lessee’s obligation to pay rent attributable to Prepaid Subleases shall equal the applicable percentage provided in subsection 5.08.B(1) above times the Shadow Rent determined for such apartment. Lessee shall not be obligated to pay a percentage of Shadow Rent for the portion of the Lease Year, if any, occurring prior to the time a Prepaid Sublease was executed with respect to such apartment.”

4.3 Rent Renegotiation. Section 5.10 of the Lease shall be amended and restated as follows:

“5.10. Renegotiation of Minimum Annual Rent and Percentage Rents. The Minimum Annual Rent and Percentage Rents shall be adjusted, except as provided below, to the Fair Rental Value of the land and water comprising the Premises as of the Renegotiation Date, in accordance with this Section 5.10. Notwithstanding anything to the contrary in the remainder of this Section 5.10, however: (i) the only adjustment under this Section 5.10 to the Minimum Annual Rent or the Percentage Rents with respect to any Prepaid Subleases shall be to the ‘applicable percentage’ component of the percentage rent formula, as provided in and subject to subsection 5.10.C; (ii) with respect to the Category A Units only, such adjustment, if any, shall be implemented with any increase resulting from the Rent Adjustment Analysis and be effective as of January 1, 2019; and (iii) with respect to the Category A Units only, subsections 5.10.F and 5.10.G shall not apply thereto.”

4.4 Increase in Administrative Transfer Fee for Prepaid Subleases. The introductory paragraph of Section 5.12 of the Lease (i.e., excluding subsections 5.12.A through 5.12.E) shall be amended and restated as follows:

“5.12 Administrative Transfer Fee – Prepaid Subleases. Each time there is a Change in Ownership, as defined in subsection 5.12.A below, of a Prepaid Sublessee’s interest, Lessee shall collect directly from the Prepaid Sublessee and forward to County an administrative fee equal to the following applicable percentage of the fair market value of the Prepaid Sublease being transferred (‘Administrative Transfer Fee’): (i) for Category A Units, two and one-half percent (2.5%); and (ii) for Category B Units, one percent (1%). The fair market value shall be deemed to be the sales price or other consideration given for the Prepaid Sublease interest being transferred.”

4.5 County Disbursements for Condominium Project Repairs. Article 14 of the Lease shall be amended by adding the following as a new Section 14.05 thereto:

“14.05 Condominium Project Repairs Account.

“14.05.A. Funding and Disbursements. County shall deposit funds into an account (the ‘Condominium Project Repairs Account’) by the dates and in the amounts provided in Exhibit W attached hereto and incorporated herein by this reference. County shall disburse funds from the Condominium Project Repairs Account from time to time for the purpose of

reimbursing Lessee for a portion of the costs of certain repairs and refurbishments to the improvements located on the Premises, including, without limitation, repairs to those improvements leased to Snyder/Marina under the Master Condominium Sublease (the 'Condominium Project'), in each case to the extent allocable to the Category A Units, as more particularly provided and in accordance with the procedures set forth in Exhibit W; provided, however, that funds shall not be disbursed from the Condominium Project Repairs Account for costs applicable to those areas of the Premises actually leased or available for lease by Lessee to third parties under an agreement other than the Master Condominium Sublease, including but not limited to the 101 apartments described in Section 1.04, the 338 boat slips described in Section 1.04, and any retail or commercial space on the Premises. Neither Lessee nor the Owners Association shall have any interest in the Condominium Project Repairs Account, and all funds on deposit therein from time to time shall be and remain the sole property of County until such time as such funds are disbursed from the Condominium Project Repairs Account as provided in Exhibit W. Lessee shall make each of the Covered Repairs (as defined in Exhibit W) that is listed in Part 1 of Schedule 1 to Exhibit W (the 'Priority Repairs') by the applicable dates specified therein; provided, however, that (i) subject to the limitations on extension set forth below, said applicable dates for completing the Priority Repairs shall be extended, and Lessee shall not be in default, on account of delays due to a Force Majeure Condition, and (ii) Lessee shall not be obligated to make the Priority Repairs to the extent that the cost thereof exceeds the quotient of (a) the cumulative amount deposited by County into the Condominium Project Repairs Account plus the interest deemed to have accrued thereon as provided in Exhibit W, divided by (b) the Applicable Percentage (as defined in Exhibit W), in decimal form. If Lessee gives County written notice of the Force Majeure Condition within thirty (30) days after the occurrence thereof, then the applicable dates for completing any affected Priority Repairs shall be extended by the number of days between the commencement of such Force Majeure Condition and the cessation thereof. If such written notice is not given by Lessee within such thirty (30) day period, the applicable dates for completing any affected Priority Repairs shall be extended for the number of days between the date of delivery of the written notice to County of such Force Majeure Condition and the cessation of such Force Majeure Condition. Nothing in this Section 14.05 is intended to modify or limit Lessee's obligations under any other Sections of this Lease with respect to the maintenance and repair of the Premises and the equipment, structures and other improvements thereon, including,

without limitation, Section 14.01, and, except for Lessee's obligation to make the Priority Repairs upon and subject to the terms set forth herein, nothing herein is intended to create, define or expand Lessee's obligations under the Lease with respect to such matters, including, without limitation, to make any repairs in addition to Priority Repairs.

"14.05.B. Lessee's Obligation to Repay Disbursements. On February 28, 2023 (or earlier at Lessee's election), Lessee shall pay County an amount equal to the Disbursed Repair Funds Balance (as defined in Exhibit W), unless the same has previously been reduced to zero pursuant to Exhibit W or separately paid directly to County by the Owners Association."

4.6 **Definitions.** Section 17.01 of the Lease shall be amended as follows:

4.6.1 In subsection 17.01.D (which contains the definition of "Adjustment Index"), the words "subsection 5.08.B(2)(b)" shall be deleted and replaced with "Exhibit V".

4.6.2 In subsection 17.01.R (which contains the definition of "Beginning Index"), the words "subsection 5.08.B(2)(b)" shall be deleted and replaced with "Exhibit V".

4.6.3 The following shall be added thereto as new subsections 17.01.U-1 and 17.01.U-2, respectively, immediately after subsection 17.01.U (which contains the definition of "Casualty Termination Notice"):

"17.01.U-1. 'CATEGORY A UNIT' shall have the meaning set forth in subsection 5.02.A.

"17.01.U-2. 'CATEGORY B UNIT' shall have the meaning set forth in subsection 5.02.A."

4.6.4 The following shall be added thereto as new subsections 17.01.DD-1 and 17.01.DD-2, respectively, immediately after subsection 17.01.DD (which contains the definition of "Condemnor"):

"17.01.DD-1. 'CONDOMINIUM PROJECT' shall have the meaning set forth in subsection 14.05.A.

"17.01.DD-2. 'CONDOMINIUM PROJECT REPAIRS ACCOUNT' shall have the meaning set forth in subsection 14.05.A."

4.6.5 In subsection 17.01.II (which contains the definition of "CPI Rental Index"), the words "subsection 5.08.B(2)(a)" shall be deleted and replaced with "Exhibit V".

4.6.6 The following shall be added thereto as new subsection 17.01.KKK-1, immediately after subsection 17.01.KKK (which contains the definition of "Five Authorized Mortgagees"):

"17.01.KKK-1 'FORCE MAJEURE CONDITION'
shall mean any event, act, matter or thing beyond the reasonable control of the party to be excused, including, without limitation, war, terrorist acts, insurrection, riots, floods, earthquakes, fires, casualties, acts of God, litigation and administrative proceedings, governmental restrictions, shortages of labor or material, strikes, lockouts, epidemics, quarantine restrictions, freight embargos, lack of transportation, unusually severe weather, acts of a third party, enactment of conflicting state or federal laws or regulations, judicial decisions or similar bases for excused performance which are not within the reasonable control of the party to be excused. Financial inability of a party whose performance is required (other than due to litigation) shall not be a Force Majeure Condition unless (and then only to the extent) such financial inability has resulted from the failure of a Prepaid Sublessee of a Category B Unit to pay any monthly maintenance and/or supplemental maintenance fees payable under its Prepaid Sublease; provided, however, in such event any extension resulting from such Force Majeure Condition shall not exceed one year."

4.6.7 In subsection 17.01.WWW (which contains the definition of "Initial Shadow Rent"), the words "subsection 5.08.B(1)" shall be deleted and replaced with "subsection 5.08.B(2)(a)".

4.6.8 The following shall be added thereto as a new subsection 17.01.SSSS-1, immediately after subsection 17.01.SSSS (which contains the definition of "Primary Uses"):

"17.01.SSSS-1 'PRIORITY REPAIRS' shall have the meaning set forth subsection 14.05.A"

4.6.9 In subsection 17.01.DDDDD (which contains the definition of "Research Council Index"), the words "subsection 5.08.B(2)(a)" shall be deleted and replaced with "Exhibit V".

4.7 Exhibits. Exhibits U-1, U-2, V and W to this Amendment shall be added to the Lease as Exhibits U-1, U-2, V and W thereto.

5. Miscellaneous.

5.1 Lease. The Lease has not been modified, amended or supplemented except as set forth in this Amendment and, as amended by this Amendment, the Lease is and remains in full force and effect.

5.2 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

5.3 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said state.

5.4 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment and the provisions of the Lease, the provisions of this Amendment shall govern and prevail.

5.5 Exhibits. Exhibits U-1 and U-2 to this Amendment shall be completed prior to the Effective Date (if that occurs); Exhibit U-1 shall list those Prepaid Subleases as to which the applicable Prepaid Sublessee makes a timely, affirmative election to be bound by the Modified Terms and Exhibit U-2 shall list all other Prepaid Subleases. All Exhibits attached hereto are incorporated herein as though set forth herein in full.

5.6 Integration and Merger. This Amendment and the Exhibits attached hereto contain the entire agreement of County and Lessee regarding the modification of the Lease and supersede all prior agreements, term sheets and understandings between County and Lessee, whether written or oral, with respect to the modification of the Lease.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

COUNTY: COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

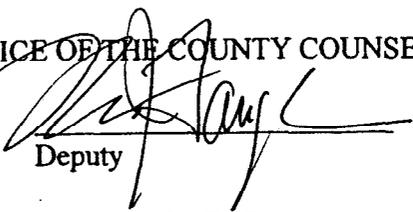
ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

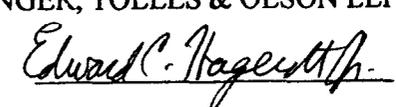
APPROVED AS TO FORM
BY COUNTY COUNSEL:

OFFICE OF THE COUNTY COUNSEL

By: 
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: 

[SIGNATURES CONTINUED ON NEXT PAGE]

LESSEE:

ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: 
Gerald E. Kelly
Vice President

JOINDER

The undersigned (the "Owners Association") acknowledges and agrees as follows to and for the benefit of County and Lessee:

1. The Condominium Project Repairs Account and the County's obligation to make disbursements therefrom are subject to the terms and conditions contained in Exhibit W to the Amendment.

2. The Owners Association has no interest in the Condominium Project Repairs Account.

3. The Owners Association hereby approves and authorizes the performance of the Covered Repairs, and shall exercise good faith efforts and cooperate with Lessee to cause the Covered Repairs to be made. Without limitation of the foregoing, the Owners Association, at its own cost and expense, shall cooperate with Lessee and use commercially reasonable efforts, as consistent with the Declaration of Covenants, Conditions and Restrictions for the Marina City Club Owners Association and applicable law, to cause the Condominium Sublessees of the Category B Units to fund their share, based upon their "Operating Expense Percentage" (as such term is defined in the Master Condominium Sublease), of the Covered Repairs made to the Condominium Project.

4. The Owners Association is not a party to or a third-party beneficiary of the Lease or the Amendment, and is executing this Joinder solely for the purposes of evidencing the undersigned's acknowledgement of and agreement to the matters set forth above and with the understanding that Lessee and County are relying upon the covenants of the Owners Association set forth herein in entering into this Amendment.

MARINA CITY CLUB CONDOMINIUM OWNERS
ASSOCIATION,
a California nonprofit mutual benefit corporation

Dated: _____

By: _____

Name: _____

Its: _____

Dated: _____

By: _____

Name: _____

Its: _____

EXHIBIT A

Form of Memorandum

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

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MEMORANDUM OF AMENDMENT NO. 4
TO THE SECOND AMENDED AND RESTATED LEASE
(IMPROVED PARCEL) NO. 55624,
PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR

THIS MEMORANDUM OF AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED LEASE (IMPROVED PARCEL) NO. 55624, PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR (this “Memorandum”) is made and entered into as of _____, 2004 by and between COUNTY OF LOS ANGELES (“County”) and ESSEX MARINA CITY CLUB, L.P., a California limited partnership, as successor in interest to Marina City Club, L.P., a California limited partnership (f/k/a J.H. Snyder Company) (“Lessee”), with reference to the following facts:

RECITALS

A. County and Marina City Club, L.P., a California limited partnership (“Original Lessee”), entered into that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987 and identified as Lease No. 55624 (the “Original Lease”), as amended by (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988, (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina del Rey dated August 1, 1992, and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Lease, as so amended, is hereinafter referred to as the “Lease”). A memorandum of the Original Lease was recorded in the Official Records of Los Angeles County, California (the “Official Records”) on January 26, 1988 as Instrument No. 88-11960.

B. Lessee acquired all of Original Lessee's right, title and interest in and to, and assumed Original Lessee's obligations under, the Lease effective as of January 21, 2004, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, a memorandum of which was recorded in the Official Records on January 22, 2004 as Instrument No. 04-0144363.

C. County and Lessee have amended the Lease as provided in that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R - Marina del Rey Small Craft Harbor dated as of _____, 2004 and effective of even date herewith (the "Lease Amendment"), and desire to provide notice to third parties of the Lease Amendment.

NOW, THEREFORE, with reference to the foregoing recitals, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. The purpose of this Memorandum is to give notice to third parties of the existence of the Lease Amendment. The exact terms and conditions of the Lease Amendment are contained therein and are incorporated herein by this reference. However, the terms of the Lease Amendment include, among others, amending the Lease to add four new exhibits thereto, which exhibits are labeled as "Exhibit U-1", "Exhibit U-2", "Exhibit V" and "Exhibit W", respectively, and are attached to this Memorandum.

2. If any of the terms or provisions of this Memorandum conflict or are inconsistent with the terms and provisions of the Lease Amendment, the terms and provisions of the Lease Amendment shall prevail.

3. The Lease has not been modified, amended or supplemented except as set forth in the Lease Amendment and, as amended by the Lease Amendment, the Lease is and remains in full force and effect.

4. This Memorandum may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

COUNTY: COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

LESSEE: ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

EXHIBIT B

Amendment Conditions

1. The execution of this Amendment and each of the other documents contemplated hereby shall have been approved by County's Board of Supervisors.
2. The Owners Association shall have executed the Joinder attached to this Amendment.
3. The execution of this Amendment shall have been approved by each Approved Encumbrance Holder, if any.
4. The number of Category A Units must be at least four hundred eighty (480).
5. An Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents in the form attached to this Amendment as Exhibit C (each a "Condominium Sublease Amendment") shall have been duly executed and delivered with respect to each of the Category A Units (i.e., by the Prepaid Sublessee of each such unit and by each beneficiary under a deed of trust, mortgagee under a mortgage or other like lienholder holding an encumbrance on each such unit, including, without limitation, any Authorized Mortgagees (as defined in the Master Condominium Sublease) holding a lien on such unit).
6. Lessee shall have received an endorsement to its existing title policies or other form of title assurance from Chicago Title Insurance Company, at no cost to County or Lessee and in form and substance acceptable to Lessee, insuring Lessee, among other things, of the continued priority of each Subleasehold Deed of Trust (as defined in the Master Condominium Sublease) (i) on the Category A Units following execution of this Amendment and the Condominium Sublease Amendments for those units, and (ii) on the Category B Units following execution of this Amendment. Such title insurance must also insure that the amendments described in the previous sentence do not impair Lessee's rights as lessee under the Lease or as sublessor under the Master Condominium Sublease with respect to the Category B Units.
7. Counsel to the Owners Association shall have delivered to County a legal opinion, in form and substance satisfactory to County, that provides that the Prepaid Subleases for the Category B Units permit Lessee to collect monthly maintenance fees and/or supplemental maintenance fees with respect to those (and only those) Prepaid Subleases that are Category B Units and that the payment obligation of each such Category B Unit Prepaid Sublessee is secured by the Subleasehold Deed of Trust against its unit. County shall waive the condition in this paragraph 7 if the number of Category A Units is at least five hundred seventy (570).
8. Lessee shall have consented in writing either to a permanent and exclusive easement reserved by County, pursuant to a Declaration of Easement in form and substance satisfactory to County and Lessee, or a modification of the legal description of the Lease which, in either case, permits County to widen the waterfront promenade.
9. If this Amendment becomes effective after June 30, 2004, then, for each Change in Ownership of a Prepaid Sublessee's interest as to a Category A Unit that occurs after such

date, Lessee shall have paid County the sum of (i) 1.5% of the sales price or other consideration given for such Change in Ownership (in addition to the 1% Administrative Transfer Fee collected by Lessee for County's benefit at the time of such Change in Ownership), plus (ii) interest on the amount described in clause (i) from and after the date of such Change in Ownership until the date of payment at the rate equal to the investment yield earned on the County's Treasury Pool during such period, as contained in County's Report of Investments covering such period. As stated above, the additional 1.5% Change in Ownership payment shall not be applicable to any Change in Ownership of a Prepaid Sublessee's interest as to a Category B Unit or any Change in Ownership of any Prepaid Sublease that occurs prior to July 1, 2004.

10. All conditions to the effectiveness of the Condominium Sublease Amendment contained therein (other than effectiveness of the modifications to the Lease contained in this Amendment) shall have been satisfied with respect to at least four hundred eighty (480) of the Category A Units.

11. On the date on which each of the other Amendment Conditions has been satisfied or waived, Lessee's representations and warranties in Paragraph 3 of the Amendment shall be and remain true and correct.

12. County, Lessee and the Owner's Association shall have agreed on an updated list of the Covered Repairs, including project description, preliminary scope of work and preliminary specifications for each of the Covered Repairs. When completed, the updated list of Covered Repairs shall be substituted into Exhibit W to this Amendment as a new Schedule 1 thereto in place of Schedule 1 currently attached thereto.

13. On or before May 28, 2004, Lessee and the Owners Association shall have notified County in writing that they have entered into an agreement concerning the implementation of the terms of this Amendment.

EXHIBIT C

Form of Condominium Sublease Amendment

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

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AMENDMENT TO CONDOMINIUM SUBLEASE
AND CONDOMINIUM SUBLEASEHOLD DEED OF
TRUST AND ASSIGNMENT OF RENTS AND
CONSENT AND AGREEMENT OF JUNIOR LENDER
FOR UNIT NO. _____
OF THE MARINA CITY CLUB CONDOMINIUMS

THIS AMENDMENT TO CONDOMINIUM SUBLEASE AND CONDOMINIUM
SUBLEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS AND CONSENT
AND AGREEMENT OF JUNIOR LENDER (this "Amendment") is made and entered into as of
the ___ day of ___, 2004, by and between ESSEX MARINA CITY CLUB, L.P., a California
limited partnership, as successor in interest to Marina City Club, L.P., a California limited
partnership (f/k/a J.H. Snyder Company) ("Sublessor"), and
_____ ("Condominium Sublessee"), with reference to the
following facts:

RECITALS

A. This Amendment affects unit no. _____ (the "Unit") in the residential
condominium project located in Marina del Rey, California commonly known as the Marina City
Club Condominiums, as shown in that certain Condominium Plan recorded in the Official
Records of Los Angeles County, California (the "Official Records") on January 11, 1988 as
Instrument No. 88-33404 (the "Condominium Plan"). Except as otherwise provided herein,
including Recital I below, all initially-capitalized terms used but not defined in this Amendment
have the meanings given such terms in the Subject Condominium Sublease (as defined in Recital
E below).

B. Sublessor, as successor in interest to Marina City Club, L.P., a California limited
partnership ("Original Sublessor"), is the lessee of certain real property located in the Marina del
Rey Small Craft Harbor of the County of Los Angeles, California (the "Improved Parcel") under
that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987
between the County of Los Angeles ("County"), as lessor, and Original Sublessor, as lessee, and

identified as Lease No. 55624 (the "Original Master Lease"), as amended by the following agreements, each between County and Original Sublessor: (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988; (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina Del Rey dated August 1, 1992; and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Master Lease, as so amended, is hereinafter referred to as the "Existing Master Lease"). Lessee acquired all of Original Lessee's right, title and interest in and to, and assumed Original Lessee's obligations under, the Existing Master Lease effective as of January 21, 2004, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, a memorandum of which was recorded in the Official Records on January 22, 2004 as Instrument No. 04-0144363.

C. Pursuant to that certain Master Condominium Sublease dated as of January 5, 1988 between Original Sublessor, as sublessor, and Marina City Condominiums, a California limited partnership ("Master Sublessee"), as sublessee (the "Original Master Condominium Sublease"), a memorandum of which was recorded in the Official Records on February 9, 1988 as Instrument No. 88-176672 (the "Memorandum"), Sublessor subleased to Master Sublessee, and Master Sublessee subleased from Sublessor, certain portions of the Improved Parcel consisting of certain common areas, appurtenant rights and interior space within three high-rise towers then commonly known as the Marina City Club Tower Apartments and as depicted in the Condominium Plan. Master Sublessee thereafter established a subleasehold condominium regime with respect to the premises subleased by it under the Original Master Condominium Sublease by, among other things, and in addition to recording the Condominium Plan, (i) causing the formation of the Marina City Club Condominium Owners Association (the "Association") and the adoption of bylaws for the Association, and (ii) executing, and subjecting the Premises to, that certain First Amended and Restated Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Subleasehold Condominium Ownership for the Marina City Club Condominiums dated as of January 5, 1988 and recorded in the Official Records on January 11, 1988 as Instrument No. 88-037715.

D. Original Sublessor and Master Sublessee thereafter amended the Original Master Condominium Sublease as provided in that certain Amendment to Memorandum of Master Condominium Sublease and First Amendment to Master Condominium Sublease dated as of April 25, 1988 and recorded in the Official Records on May 26, 1988 as Instrument No. 88-843738 (the Original Master Condominium Sublease, as so amended, is hereinafter referred to as the "Master Condominium Sublease").

E. As permitted under the Master Condominium Sublease, after the establishment of the subleasehold condominium regime, Master Sublessee assigned all of its subleasehold interest under the Master Condominium Sublease on a condominium-by-condominium basis to individual condominium sublessees and, accordingly, Master Sublessee no longer has any interest in the Master Condominium Sublease. Each initial individual condominium sublessee was assigned, as to a particular condominium unit, the subleasehold estate in such unit together with the undivided subleasehold interest in the Common Area and the Appurtenant Rights applicable to such unit, as more particularly described in the Assignment and Assumption of

Condominium Sublease for the Marina City Club Tower Apartments between Master Sublessee and such initial condominium sublessee and recorded in the Official Records (each an "Original Assignment"); as to each condominium unit, the Master Condominium Sublease and the applicable Original Assignment together constitute the "Condominium Sublease". Concurrently with the execution of the Original Assignment for the Unit and as security for the payment of certain obligations under the Condominium Sublease for the Unit (the "Subject Condominium Sublease"), the initial condominium sublessee executed that certain Condominium Subleasehold Deed of Trust and Assignment of Rents in favor of Original Sublessor, as beneficiary, and recorded in the Official Records on _____, 19__ as Instrument No. _____ (the "Subject Subleasehold Deed of Trust").

F. Condominium Sublessee is the current holder of the sublessee's interest in the Subject Condominium Sublease, and Sublessor is the current holder of the sublessor's interest in the Subject Condominium Sublease and the beneficial interest in the Subject Subleasehold Deed of Trust.

G. Under the terms of the Subject Condominium Sublease, Condominium Sublessee's interest in the "Subject Condominium" described therein (which consists of the subleasehold estate in the Unit and an undivided subleasehold interest in the Common Area and the related Appurtenant Rights, all as more particularly described therein) is subject to, and Condominium Sublessee is obligated to perform all applicable obligations or duties imposed by, among other things, the Existing Master Lease and the Master Condominium Sublease.

H. The Subject Condominium Sublease requires Condominium Sublessee to pay, among other things, (i) monthly Ground Rent to Sublessor, which Ground Rent is based on the Shadow Rent and the Applicable Percentage and is subject to annual adjustment as provided in the Master Condominium Sublease, and (ii) a Change in Ownership Fee upon a Change in Ownership.

I. The initially-capitalized terms that appear in quotation marks in this Recital I but are not defined herein have the meanings given such terms in the Master Lease (as defined below). Concurrently herewith, County and Sublessor are amending the Existing Master Lease to, among other things,

(i) freeze the "Shadow Rent" thereunder attributable to the Unit (which affects the amount of the rent to be paid by Sublessor to County) at its 2003 level through December 31, 2006,

(ii) provide that, commencing January 1, 2007 and continuing each year thereafter until at least January 1, 2018, such "Shadow Rent" attributable to the Unit shall be increased by an amount equal to 3.75% of the prior year's "Shadow Rent",

(iii) delay implementing the increase in the applicable percentage component of the formula that determines the "Percentage Rent" attributable to the Unit from 2016 until 2019,

(iv) provide that, effective as of January 1, 2019 and continuing each year thereafter during the remainder of the term, the "Shadow Rent" attributable to the

Unit may (but shall not necessarily) be increased by a fixed percentage greater than 3.75%,

(v) increase the "Administrative Transfer Fee" payable to County upon a "Change in Ownership" of the "Prepaid Sublessee's interest" with respect to the Unit to an amount equal to 2.5% of the gross sales price or other consideration for the applicable transaction (in addition to any similar fee otherwise payable to Sublessor for its own account), and

(vi) provide that, on February 28, 2023, Sublessor shall be required to pay County an amount equal to the outstanding "Disbursed Repair Funds Balance" thereunder (the "2023 Special Payment"), if any,

all as more particularly provided in that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R-Marina del Rey Small Craft Harbor (the "Master Lease Amendment"; the Existing Master Lease, as amended by the Master Lease Amendment, is hereinafter referred to as the "Master Lease"), a memorandum of which has been or will be recorded in the Official Records concurrently with the recordation of this Amendment.

J. Sublessor and Condominium Sublessee desire to amend (i) the Subject Condominium Sublease to reflect the terms of the Master Lease Amendment, and (ii) the Subleasehold Deed of Trust to reflect the amendments to the Subject Condominium Sublease contained in this Amendment, all as more particularly provided in this Amendment.

NOW, THEREFORE, with reference to the foregoing Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Sublessor and Condominium Sublessee hereby agree as follows:

1. Representations and Warranties by Condominium Sublessee. Condominium Sublessee hereby represents and warrants to Sublessor as follows:

(i) Condominium Sublessee is the current owner of the Subject Condominium Sublease and each of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust is in full force and effect; [and]

(ii) the Subject Condominium Sublease is not currently encumbered by or subject to any deed of trust, mortgage or similar security instrument (each a "Mortgage") granted, assumed or taken subject to by Condominium Sublessee, except for (a) the Subject Subleasehold Deed of Trust and (b) the Mortgage or Mortgages in favor of the lender or lenders identified on any Consent of Lender attached hereto; [and]

(iii) *[Note: this clause (iii) will be included if this Amendment will not be effective until after June 30, 2004]* there has been no Change in Ownership of the Condominium Sublease since June 30, 2004, except for the Change(s) of Ownership, if any, described in Exhibit L hereto. For each Change in Ownership of the Condominium Sublease occurring after June 30, 2004, Condominium Sublessee has paid Sublessor a Change in Ownership Fee equal to

three percent (3%) of the total purchase price or other consideration given for such Change in Ownership.

2. Effect of Other Agreements. Condominium Sublessee hereby agrees that the Subject Condominium Sublease and Condominium Sublessee's interest in the Unit and its other rights thereunder are subject to, and Condominium Sublessee shall perform all applicable duties or obligations imposed by, the Master Lease (as amended as recited in Recital I of this Amendment) and each of the other agreements or instruments described in Section 1.3 of the Original Assignment recorded with respect to the Unit.

3. Conditions to Effectiveness of Amendments to Subject Condominium Sublease. The amendments to the Subject Condominium Sublease and to the Subject Subleasehold Deed of Trust set forth in this Amendment shall not be effective unless and until each of the following shall have occurred: (i) the modifications to the Existing Master Lease contained in the Master Lease Amendment shall have become effective not later than the "Outside Date" specified therein, with said effectiveness to be evidenced by the recordation of a memorandum of the Master Lease Amendment in the Official Records; (ii) each Consent of Lender attached hereto shall have been executed by the applicable lender and Sublessor shall have received a satisfactory endorsement to its lender's policy of title insurance that assures Sublessor, among other things, that the Subject Subleasehold Deed of Trust continues to constitute a first-priority lien against the Subject Condominium Sublease, without any additional exceptions thereto; (iii) the conditions in Section 7 of this Amendment shall have been satisfied; and (iv) this Amendment shall have been recorded in the Official Records. When such amendments become effective (if that occurs), the Unit shall be a "Category A Unit" for purposes of the Master Lease.

4. Amendments to Master Condominium Sublease. The Master Condominium Sublease, as it relates to the Unit, is hereby amended as follows:

4.1 Applicable Percentages for Ground Rent. Section 4.4.2 of the Master Condominium Sublease is hereby amended and restated as follows:

"4.4.2 Applicable Percentages. The Applicable Percentage of Shadow Rent to be paid by each Condominium Sublessee shall be equal to the following: (a) from the commencement of the term of its Condominium Sublease through December 31, 1995, ten and one-half percent (10.5%); (b) commencing upon January 1, 1996, and extending through December 31, 2018, twelve and one-half percent (12.5%); and (c) commencing on January 1, 2019, and extending through the end of the term of the Condominium Sublease, the percentage rate determined in accordance with Section 5.08.B(1)(d) of the Master Lease; provided, however, that such percentage shall not be less than twelve and one-half percent (12.5%) nor more than fifteen percent (15%)."

4.2 Determination of Shadow Rent Through 2003. The introductory paragraph of Section 4.4.3 of the Master Condominium Sublease (i.e., excluding subsections (a) through (h) thereof) is hereby amended and restated as follows:

“4.4.3. Determination of Shadow Rent Through 2003. The Shadow Rent applicable to each Condominium for its Base Year shall be the amount therefor set forth on the applicable Assignment and Assumption of Condominium Sublease. Prior to 2004, the Shadow Rent for each Condominium shall be adjusted as of January 1 of each year during the term of the Condominium Sublease for that Condominium based upon the average percentage change in two (2) indices as follows:”

4.3 Shadow Rent for 2004 through 2006. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.4 thereto:

“4.4.4 Shadow Rent for 2004 Through 2006. From January 1, 2004 through December 31, 2006, the Shadow Rent for each Condominium shall be the same amount as the Shadow Rent for such Condominium for 2003, as shown on Exhibit K attached hereto (i.e., the Shadow Rent shall not be adjusted during such period).”

4.4 Shadow Rent From and After 2007. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.5 thereto:

“4.4.5 Shadow Rent for 2007 Through At Least 2018. Commencing on January 1, 2007 and, subject to Section 4.4.6, continuing on each January 1 thereafter during the term of the Condominium Sublease for each Condominium, the Shadow Rent for each Condominium shall be increased three and seventy-five-hundredths percent (3.75%).”

4.5 Possible Adjustment to Shadow Rent in 2019. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.6 thereto:

“4.4.6 Possible Adjustment to Shadow Rent in 2019. The Master Lease provides that, in 2019, (i) the County (as lessor thereunder) will perform a ‘Rent Adjustment Analysis’, (ii) if the Rent Adjustment Analysis reveals a ‘Rent Deficiency’, then, effective as of January 1, 2019 and continuing on each January 1 thereafter during the remainder of the term of the Master Lease, the ‘Shadow Rent’ under the Master Lease (the ‘Master Lease Shadow Rent’) shall be increased by the fixed rate (which will be greater than 3.75%) determined as part of the Rent Adjustment Analysis, and (iii) the Master Lease Shadow Rent also shall be increased (in addition to any increase resulting from the Rent Adjustment

Analysis) effective as of January 1, 2019 and continuing on each January 1 thereafter during the remainder of the term of the Master Lease by the amount, if any, necessary to enable the County to recover certain 'lost rent' under the Master Lease for the years 2016, 2017 and 2018 as a result of the County's agreement to delay a potential rent increase from 2016 until 2019. The procedures for determining the new fixed percentage for the annual increase in the Master Lease Shadow Rent (the 'Adjusted Fixed Percentage') to be effective as of January 1, 2019, based on the Rent Adjustment Analysis and the County's rent loss, if any, for the years 2016, 2017 and 2018, are set forth in Exhibit V of the Master Lease; the terms of said Exhibit V are attached to a memorandum of an amendment to the Master Lease recorded in the Official Records of Los Angeles County, California.

"If the percentage for determining the annual increase in the Master Lease Shadow Rent is increased (i.e., from 3.75% to the Adjusted Fixed Percentage) as of January 1, 2019 as provided above, then, effective as of January 1, 2019 and continuing on each January 1 thereafter during the term of the Condominium Sublease for each Condominium, the Shadow Rent for each Condominium shall be increased by the Adjusted Fixed Percentage.

"With respect to the Ground Rent payments required under Section 4.4.1 for the months of January, February and March of 2019, each Condominium Sublessee shall make such payments on the dates required as though (i) the Shadow Rent was increased by three and seventy-five-hundredths percent (3.75%) on January 1, 2019, and (ii) the Applicable Percentage was the same as during 2018. If (x) the Shadow Rent is increased by the Adjusted Fixed Percentage effective as of January 1, 2019 as provided in Exhibit V of the Master Lease, and/or (y) the Applicable Percentage is increased effective as of January 1, 2019 as provided in Section 5.08.B(1)(d) of the Master Lease, then, in April 2019, each Condominium Sublessee shall pay Sublessor or the Management Company, as applicable, in addition to the Ground Rent and any other payments for that month, the amount necessary to cure the underpayment of Ground Rent for the prior three months."

4.6 Increase in Change in Ownership Fee. Section 4.5 of the Master Condominium Sublease is hereby amended and restated as follows:

"4.5 Change in Ownership Fee. As additional consideration for this Sublease, if there is a Change in Ownership of any Condominium Sublease following the creation thereof which is not otherwise exempted by Section 14.2 below, the Condominium Sublessee whose interest is the subject of the

Change of Ownership, or such Condominium Sublessee's transferee, shall pay an amount (the 'Change in Ownership Fee') to Sublessor equal to three percent (3%) of the total sales price or other consideration given for the Condominium Sublease interest being transferred, without reduction for any cost or charge incurred by such Condominium Sublessee or its transferees (and Sublessor shall pay five-sixths (5/6) of such fee to the County, pursuant to Section 5.12 of the Master Lease), on or before the closing or effective date of such Change in Ownership. The payment of this fee shall be the joint and several obligation of both the transferor and transferee of the Condominium Sublessee's Condominium Sublease, and all agreements with such transferees shall provide for such joint and several liability."

4.7 Potential Additional Payment Obligation in 2023. Section 4.6 of the Master Condominium Sublease (captioned "Exemption from Payments; All Payments Directly to Master Sublessor") is hereby renumbered as Section 4.7, and the following is hereby added as a new Section 4.6:

"4.6 Potential Additional Payment Obligation in 2023.

"The Master Lease provides that (i) the County will disburse certain funds to reimburse Sublessor for a portion of the costs of certain repairs and refurbishments to certain portions of the Property, (ii) all amounts so disbursed will bear interest, and (iii) on February 28, 2023, Sublessor must pay the County an amount equal to the sum of all amounts so disbursed and all accrued interest thereon (the 'Disbursed Repair Funds Balance') to the extent that the Disbursed Repair Funds Balance has not previously been reduced to zero, all as more particularly provided in Exhibit W to the Master Lease; the terms of said Exhibit W are attached to a memorandum of an amendment to the Master Lease recorded in the Official Records of Los Angeles County, California.

"If the Disbursed Repair Funds Balance has not been reduced to zero as provided in the Master Lease as of December 31, 2022, then, on such date, unless the Association has separately paid County an amount equal to the Disbursed Repair Funds Balance, each Condominium Sublessee shall pay Sublessor an amount equal to the product of (i) the Disbursed Repair Funds Balance, and (ii) the Operating Expense Percentage applicable to its Condominium. Each Condominium Sublessee's obligation to make any such payment (the "2023 Special Payment") is one of the Accrued Monetary Obligations (see Section 16.3 hereof) of such Condominium Sublessee, and the failure by any Condominium Sublessee to make any such 2023 Special Payment

as required shall constitute an Event of Default under Section 16.1.2 hereof.”

4.8 Events of Default. Section 16.1.2 of the Master Condominium Sublease is hereby amended and restated as follows:

“16.1.2 A Condominium Sublessee fails to pay any installment of the Monthly Maintenance Fee, Supplemental Maintenance Fee, Change in Ownership Fee, taxes and assessments, Ground Rent, the 2023 Special Payment, or any other sum payable by such Condominium Sublessee to Sublessor hereunder when due;”

4.9 Security for Monetary Obligations. The first sentence of Section 16.3 of the Master Condominium Sublease is hereby amended and restated as follows:

“16.3 Monetary Obligations to be Secured by Deed of Trust or Security Agreement.

All obligations of a Condominium Sublessee under this Sublease or any amendment hereto which may be fully satisfied, performed or discharged solely by the payment of money, including without limitation the payment of Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent, Change in Ownership Fees, the 2023 Special Payment (if applicable), the Indemnity Obligations (as defined in the Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents dated as of or about _____, 2004 (the ‘First Amendment’)), the Shared Obligations (as defined in the First Amendment), property taxes, possessory interest taxes or their equivalent, assessments, monetary indemnification obligations, and reimbursements to Sublessor for the payment of utility charges, repair costs or other amounts advanced by Sublessor on behalf of a Sublessee as provided in this Sublease, as such obligations shall accrue and be payable from time to time, and a Sublessee’s obligations under Section 3.3 of the Subleasehold Deed of Trust (hereinafter referred to collectively as ‘Accrued Monetary Obligations’), shall be secured by a Deed of Trust in the form attached hereto as Exhibit J (the ‘Subleasehold Deed of Trust’) encumbering such Sublessee’s Condominium.”

4.10 Exhibits. Exhibit K [and Exhibit L, if applicable] to this Amendment is hereby added to the Master Condominium Sublease as Exhibit K [and Exhibit L, if applicable] thereto.

5. Amendment to Original Assignment. Section 12 of the Original Assignment for the Unit is hereby amended and restated as follows:

“12. Further Transfer. Condominium Sublessee shall not transfer or assign its interest hereunder except as provided in, and subject to the terms, covenants, conditions and restrictions set forth in, Article 14 of the Master Condominium Sublease.

Condominium Sublessee acknowledges that, upon a transfer or assignment of its interest in the Subject Condominium constituting a ‘Change of Ownership’ as defined in Section 14.2 of the Master Condominium Sublease, the Condominium Sublessee and its transferee shall be jointly and severally liable for payment to Sublessor of a Change in Ownership Fee equal to three percent (3%) of the total sales price or other consideration given for the Condominium Sublease interest being transferred in accordance with and as more particularly set forth in Section 4.5 of the Master Condominium Sublease.”

6. Amendment to Subleasehold Deed of Trust. Condominium Sublessee hereby confirms and agrees, and to the extent necessary the Subject Subleasehold Deed of Trust is hereby amended to provide, that the Subleasehold Deed of Trust does and shall secure the payment by Condominium Sublessee of all Accrued Monetary Obligations (as defined in Section 16.3 of the Subject Condominium Sublease, as amended by this Amendment) arising from time to time under the Subject Condominium Sublease, including, without limitation, Condominium Sublessee’s obligation to pay the 2023 Special Payment, the increased Change in Ownership Fee described in this Amendment, any Indemnity Obligations (as defined below) and any Shared Obligations (as defined below).

7. Additional Conditions to Effectiveness. Notwithstanding anything in this Amendment to the contrary and notwithstanding the execution hereof, it shall be a condition to the effectiveness of this Amendment that (i) the Prepaid Sublease (as such term is defined in the Master Lease) of the Condominium Sublessee who is a party to this Amendment shall have been originally created as, or subsequently converted to, a Condominium Sublease (i.e., that the Condominium Sublessee’s interest does not constitute a Prepaid Sublease created pursuant to the Approved Prepaid Sublease Form which has not yet been converted to a Condominium-Sublease in accordance with the form of documentation approved by the County and Original Sublessor), and (ii) the Condominium Sublessee shall have paid to Sublessor all Change in Ownership Fees required by the terms of the Condominium Sublease *[if this Amendment is executed after June 30, 2004; including, without limitation, all Change in Ownership Fees necessary to render the representation and warranties of Condominium Sublessee set forth in Section 1(iii) above true and accurate]*. If either of the foregoing conditions has not been met, this Amendment shall be of no force or effect, any attempted election by the Condominium Sublessee to be treated as a Category A Unit shall be void and without effect, and Condominium Sublessee’s Condominium Sublease shall remain a Category B Unit subject to all terms applicable to those units.

8. Waiver of Subordination Rights. Until the Disbursed Repair Funds Balance has been reduced to zero, Condominium Sublessee hereby waives, relinquishes and surrenders any right it may now or hereafter have to require subordination of the Subleasehold Deed of Trust encumbering its Unit to any other Mortgage or other financing encumbering the Subject Condominium Sublease on any terms or for any purpose, including, without limitation, its right,

if any, to request or require such subordination pursuant to the terms of that certain Agreement Regarding Settlement of Pending Litigation between the Association and Original Sublessor *et al*, dated as of June 30, 1994 (the "1994 Settlement Agreement").

9. Indemnity. Condominium Sublessee acknowledges that the Master Lease Amendment and this Amendment were requested by the Condominium Sublessees of the Category A Units in order to achieve the benefits to them resulting from the modifications contained therein and herein. Condominium Sublessee, together with the other Condominium Sublessees of the Category A Units, hereby agrees to indemnify, defend and hold Sublessor harmless, to the extent set forth in the subsequent sentence, from and against any and all costs and expenses (including costs of suit, reasonable attorneys' fees and judgments) relating to any claims, demands, causes of action, liabilities or losses arising from or in connection with any challenge based upon (a) any expenditure from the Towers Reserve Account (as defined below) prior to the date of the Master Lease Amendment or (b) any funds hereafter paid by Sublessor to the Association from the Disbursed Repair Funds (as defined in the Master Lease) (collectively, the "Indemnity Obligations"). All Indemnity Obligations shall be charged to the Condominium Sublessees of the Category A Units in accordance with their respective Operating Expense Percentages and shall constitute Accrued Monetary Obligations under Section 16.3 of the Condominium Sublease, the payment of which is secured by the Subleasehold Deed of Trust encumbering Condominium Sublessee's Unit. Except as otherwise provided above with respect to the Indemnity Obligations, if the Master Lease Amendment, this Amendment and/or any other related documents are challenged in any manner by any party, and if Sublessor elects or is required to participate in any such legal proceeding, then all (costs of suit, attorneys' fees and expert or consultant costs incurred by Sublessor, on the one hand, and the Association and the Condominium Sublessees of the Category A Units acting collectively, on the other hand, relating to the defense or prosecution of such challenge shall be borne equally by the Condominium Sublessees of the Category A Units, on the one hand, and Sublessor, on the other hand (collectively, the "Shared Obligations"); provided, however, that (i) in the event the foregoing provision is applicable, shared attorneys' fees shall consist of not more than one (1) firm representing Sublessor and not more than one (1) firm representing the Association and the Condominium Sublessees of the Category A Units acting collectively, and (ii) the foregoing shall not be enforceable against the County if it succeeds to Sublessor's interest as sublessor under the Condominium Subleases. If the preceding sentence is applicable, the Association, the Condominium Sublessees of the Category A Units and Sublessor shall reasonably cooperate to minimize the costs and expenses of such legal proceedings. The portion of all Shared Obligations allocable to the Category A Units shall be charged to the Condominium Sublessees of the Category A Units in accordance with their respective Operating Expense Percentages and shall constitute Accrued Monetary Obligations under Section 16.3 of the Condominium Sublease, the payment of which is secured by the Subleasehold Deed of Trust encumbering Condominium Sublessee's Unit. The Indemnity Obligations and the Shared Obligations are not intended, and shall not be deemed, to apply to the Condominium Sublessees of the Category B Units. As used herein, the "Towers Reserve Account" shall have the same meaning given such term in the 1994 Settlement Agreement.

10. Acknowledgements Regarding Covered Repairs. Condominium Sublessee acknowledges and agrees that, unless and until Sublessor has received all funds, including, without limitation, all reimbursements for the benefit of "Category A Units" and the funds from

the "Category B Units" (as such terms are defined in the Master Lease) which are necessary to fund further "Covered Repairs" (as defined in the Master Lease), Sublessor will have no obligation to Condominium Sublessee to proceed with such Covered Repairs. Condominium Sublessee also acknowledges and agrees that the timing of the funding and/or completion of the Covered Repairs and/or the ultimate expenditure of less than all of the Condominium Project Repairs Account (as such term is defined in the Master Lease) on the Covered Repairs shall not constitute a condition to the effectiveness of the balance of this Amendment or any provision hereof, and the timing, amount or scope of any expenditures from the Condominium Project Repairs Account (or the absence thereof) shall not affect the enforceability or effectiveness of the balance of this Amendment, which shall be applicable in accordance with its terms.

Condominium Sublessee further acknowledges and agrees that, the existence, funding or use of the Condominium Project Repairs Account is not in replacement, limitation or waiver of Condominium Sublessee's obligation to fund its share of Operating Expenses under the Master Condominium Sublease, and, except as funds disbursed from the Condominium Project Repairs Account are credited to the Monthly Maintenance Fees or Supplemental Maintenance Fees otherwise payable by Condominium Sublessee, Condominium Sublessee shall remain responsible for payment of its share (based on its Operating Expense Percentage) of such Monthly Maintenance Fees and Supplemental Maintenance Fees in accordance with the terms of the Subject Condominium Sublease, whether relating to matters shown on the list of Covered Repairs or other repair, renovation or replacement work at the Property.

11. Miscellaneous.

11.1 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

11.2 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said state.

11.3 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment, on the one hand, and the provisions of the Subject Condominium Sublease or the Subject Subleasehold Deed of Trust, on the other, the provisions of this Amendment shall govern and prevail.

11.4 Integration and Merger. This Amendment and the Exhibit attached hereto contain the entire agreement of Sublessor and Condominium Sublessee regarding the modification of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust and supersedes all prior agreements, term sheets and understandings between Sublessor and Condominium Sublessee, whether written or oral, with respect to the modification of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust.

11.5 Continued Effectiveness. Neither the Subject Condominium Sublease nor the Subject Subleasehold Deed of Trust has been modified, amended or supplemented except as set forth in this Amendment and, as amended by this Amendment, each of the Subject

Condominium Sublease and the Subject Subleasehold Deed of Trust is and remains in full force and effect.

11.6 No Third Party Beneficiary Status. Notwithstanding anything which is or appears to be to the contrary, Condominium Sublessee acknowledges that it is not a third party beneficiary of the Master Lease Amendment and shall not have any rights with respect thereto.

IN WITNESS WHEREOF, Sublessor and Condominium Sublessee have executed this Amendment as of the date first above written.

SUBLESSOR: ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

CONDOMINIUM SUBLESSEE: _____
Name

Name

[NOTARY BLOCKS TO BE ADDED TO EXECUTION COPY]

CONSENT AND AGREEMENT OF JUNIOR LENDER

The undersigned, which is the current holder of the beneficiary's interest under the deed of trust that encumbers the Subject Condominium Sublease and was recorded in the Official Records on _____ as Instrument No. _____ (the "Mortgage"), hereby declares as follows:

1. The undersigned consents to the Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents (the "Amendment") to which this Consent and Agreement of Lender is attached. Without limiting the foregoing, the undersigned agrees that the Mortgage is subject to the terms of the Amendment.

2. The undersigned agrees that the Condominium Subleasehold Deed of Trust and Assignment of Rents that encumbers the Subject Condominium Sublease and was recorded in the Official Records on _____ as Instrument No. _____ (the "Original Sublessor Deed of Trust"), as amended by the Amendment (as amended, the "Sublessor Deed of Trust"), shall unconditionally be and remain at all times a lien or charge on the Subject Condominium Sublease prior and superior to the lien or charge of the Mortgage, and that such Sublessor Deed of Trust secures all Accrued Monetary Obligations thereunder, including, without limitation, the increased Change in Ownership Fee and the 2023 Special Payment (each as set forth in the Amendment). Without limiting the foregoing, the undersigned hereby subordinates the lien or charge of the Mortgage to the lien or charge of the Sublessor Deed of Trust.

3. The undersigned acknowledges that Sublessor would not enter into the Amendment and that County would not enter into the Master Lease Amendment without the undersigned's execution of this Consent and Agreement of Lender.

Date: _____, 2004

[NAME OF MORTGAGEE]

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

[NOTARY BLOCKS TO BE ADDED TO EXECUTION COPY]

Exhibit K to Exhibit C
Schedule of 2003 Shadow Rent

[To be attached]

Exhibit L to Exhibit C

Changes in Ownership After June 30, 2004

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT U-1

Category A Units

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT U-2

Category B Units

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT V

Provisions Regarding Shadow Rent

I. Indices to Determine Increases in Shadow Rent: 1988 - 2003

As provided in subsection 5.08.B(2)(b) of the Lease, the Shadow Rent for each Apartment Approved for Prepaid Subleases shall be adjusted during the period set forth therein (for Category A Units, each January 1 beginning in 1988 and ending in 2003; for Category B Units, each January 1 beginning in 1988 and continuing for the remainder of the term) based upon the average percentage change in two indices, as follows:

(a) The first index is the Residential Rental Component of the Consumer Price Index for All Urban Consumers (base year 1967) for the Los Angeles-Long Beach Area, published by the United States Department of Labor, Bureau of Labor Statistics (the "CPI Rental Index"). The second index is the Index of average housing value of the Real Estate Research Council of Southern California for the Westside-Santa Monica reporting area (the "Research Council Index").

(b) In order to determine the percentage change in an Index, the figure shown on the Index published for a date on or most recently before January 1, 1987 ("Beginning Index") shall be subtracted from the figure shown on the Index published for a date on or most recently before the date rent is to be adjusted ("Adjustment Index"), assuming the indices are published not more than twelve (12) months apart. The difference shall be divided by the figure shown on the Beginning Index, and that result shall be the percentage change in the particular Index for the preceding year. In order that the percentage change may be measured annually, the Adjustment Index in one (1) year shall become the Beginning Index for the following year.

(c) The percentage change for each Index, as calculated above, shall be added together, and the sum divided by two (2). The result shall constitute the average percentage change in the two (2) indices.

(d) Subject to the limitations in clause (e) below, the average percentage change calculated in the preceding subsection shall be multiplied by the Shadow Rent in effect immediately preceding the Adjustment Date, and the resultant figure shall be added to or subtracted from such Shadow Rent, with the total being the Shadow Rent for the following year. In no event, however, shall the Shadow Rent for an particular Prepaid Subleased apartment in any year either be less than the Initial Shadow Rent for that apartment nor shall it exceed an amount equal to the Initial Shadow Rent for that apartment, increased at eight percent (8%) per year, on a compounded basis. The maximum Shadow Rent payable with respect to a Prepaid Subleased Apartment expressed in terms of a percentage of the Initial Shadow Rent (shown on Exhibit R to the Lease) is set forth in Exhibit F to the Lease and incorporated herein. The maximum rent payable, with respect to such an Apartment, would be the Initial Shadow Rent, first multiplied by the percentage shown on Exhibit F, and then multiplied by the appropriate percentage under subsection 5.08.B(1) of the Lease.

(e) The Shadow Rent for any particular apartment in any one (1) year, however, shall not increase by more than the lesser of the following: an amount equal to eight percent (8%) of the Shadow Rent in effect immediately preceding the Adjustment Date; or, an amount equal to the maximum percentage increase permitted by any applicable rent control ordinance or law.

(f) In the event that the limitation in clause (e) above becomes effective, such that County did not receive the full increase otherwise allowable under clause (d) above, County shall be entitled to carry forward the dollar amount of increase it was otherwise entitled to, appropriately compounded, to years where such limitation does not otherwise come into effect. This entitlement shall exist until such time as the Shadow Rent for the particular apartment reaches the annual dollar amount it would have attained in the absence of clause (e) above. Increases attributable to the carry forward itself, however, shall also be subject to the limits of clause (e) above. This carry forward provision shall operate as shown in the following example:

EXAMPLE: Assume Initial Shadow Rent of \$1,000 per month, and average percentage index changes in Years 1, 2 and 3 of 7%, 10% and 4%, respectively.

- The increase in Year 1 would be \$70 [$\$1,000 + (\$1,000 \times 7\%)$], thereby increasing the rent for Year 2 to \$1,070.
- The increase in Year 2 would be \$85.60, thereby increasing the rent for Year 3 to \$1,155.60 [$\$1,070 + (8\% \times \$1,070)$].
- The increase in Year 3 would be \$68.40, thereby increasing the rent for Year 4 to \$1,224 [$\$1,177$ (the rent which would have been in effect but for the maximum increase limits) + $(4\% \times \$1,177)$].

NOTE: $\$1,177 + \$47 = \$1,224$
 $\$1,224 - \$1,155.60 = \$68.40$
 $\$68.40$ is less than 8% of \$1,155.60 (\$92.40)

(g) If either Index is changed so that its base year differs from that used as of January 1, 1987, the Index shall be converted in accordance with the conversion factor published by the publisher of the Index. If the Research Council Index is discontinued, then adjustments occurring after the discontinuance of the Research Council Index shall be based solely upon the percentage change in the CPI Rental Index. If the CPI Rental Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI Rental Index had not been discontinued or revised. In the event County and Lessee fail to agree on the use of a replacement index within sixty (60) days of such discontinuance or revision, the selection of the same shall be determined by arbitration in accordance with Section 16.16 of the Lease.

* In the absence of the maximum increase limitations, the rent would have increased to \$1,177. But clauses (d) and (e) above limit the increase to 8% of the preceding year's Shadow Rent.

II. Rent Adjustment Analysis in 2019

This Section II contains the terms and components of the "Rent Adjustment Analysis" described in subsection 5.08.B(3) of the Lease.

A. Background and Underlying Assumptions

This Exhibit V is being added to the Lease pursuant to that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) 55624, Parcel No. 125R – Marina del Rey Small Craft Harbor (the "Amendment"). The terms of the Amendment include amending the Lease to, among other things:

- (i) freeze the Shadow Rent attributable to Category A Units at the amount for 2003 through December 31, 2006;
- (ii) provide that commencing on January 1, 2007, the Shadow Rent attributable to Category A Units shall be increased annually at a fixed rate (3.75%) rather than by the change in the two indices described in Section I above (prior to this Amendment, the Lease provided that the Shadow Rent would be adjusted annually throughout the term based on the change in such indices);
- (iii) provide that a portion of the Percentage Rents for Prepaid Subleases received by County from 1999 through 2006 will be disbursed to Lessee to reimburse it for a portion of the costs of certain repairs to portions of the Premises, including the portion improved with the Condominium Project;
- (iv) postpone the adjustment to the "applicable percentage" component of the formula for determining the Percentage Rents for Prepaid Subleases with respect to Category A Units from January 1, 2016 to January 1, 2019; and
- (v) increase the Administrative Transfer Fee payable to County upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category A Unit (from 1% of the gross sales price or other consideration to 2.5% of such amount).

County will suffer two types of rent losses with respect to the Percentage Rents for those Prepaid Subleases that are Category A Units on account of the amendments described in clauses (i) and (ii) of the previous paragraph, as illustrated in the spreadsheet attached hereto as Schedule 1A (the "Financial Model"):

- (a) a reduction in such Percentage Rents during the years 2004, 2005 and 2006 on account of the Shadow Rent freeze described in clause (i); and
- (b) a reduction in such Percentage Rents over the remainder of the term as a result of the "lower base amount" or "starting point" for the annual Shadow Rent increase described in clause (ii) (i.e., as a result of the Shadow Rent freeze described in clause (i), the base amount for the annual

Shadow Rent increase that is to commence in 2007 will be the Shadow Rent amount for 2003 and each year County will lose the benefit of the assumed Shadow Rent increases, as shown in Column 1 of the Financial Model, for the years 2004, 2005 and 2006.

The present value of the rent losses described in clauses (a) and (b) above through December 31, 2052 (in 2003 dollars, using a discount rate of 8%), as shown in Column 5 of the Financial Model, is referred to herein as the "Percentage Rent Shortfall". The Financial Model (Schedules 1A and 1B) projects that the Percentage Rent Shortfall will equal the amount shown in the box immediately below Column 5 thereof.

The terms described in clauses (i) through (iii) of the previous paragraph are being agreed to on the basis, and with the understanding, that the sum of (x) the present value (in 2003 dollars, using a discount rate of 8%) of the amount received by County for the period commencing on the earlier of June 30, 2004 or the effective date of the Amendment and ending on December 31, 2052 on account of the increase in the Administrative Transfer Fee for Category A Units (i.e., 60% of the Administrative Transfer Fees received for such period with respect to Category A Units; the portion of the total Administrative Transfer Fees attributable to such increase is hereinafter referred to as the "Increased Administrative Transfer Fees") after repayment of the Disbursed Repair Funds Balance (see Exhibit W) (the "Net Administrative Transfer Fee Increase"), and (y) the agreed upon value of the easement described in paragraph 8 of Exhibit B to the Amendment, which County and Lessee hereby stipulate and agree is \$350,000 (the "Easement Value"), will not be less than the Percentage Rent Shortfall for the same period by more than \$500,000. The parties have projected, as provided and based on the assumptions reflected in the Financial Model (and set forth in Schedule 1B), that the sum of the Net Administrative Transfer Fee Increase (i.e., the total of the values shown in Column 15 of the Financial Model) and the Easement Value (\$350,000) will exceed the Percentage Rent Shortfall (i.e., the total of the values shown in Column 5 of the Financial Model).

B. Purpose and Intent

The purpose and intent of the Rent Adjustment Analysis is to determine whether in 2019, based on certain actual occurrences from 2004 through 2018 (i.e., the number, frequency of and sales prices or other consideration paid for Changes in Ownership), it is still anticipated that the Net Administrative Transfer Fee Increase plus the Easement Value will not be less than the Percentage Rent Shortfall by more than \$500,000. If the Rent Adjustment Analysis reveals that the Percentage Rent Shortfall exceeds the sum of the Net Administrative Transfer Fee Increase and the Easement Value by more than \$500,000, then the fixed annual rate of increase in Shadow Rent (the "Shadow Rent Annual Percentage Increase") shall be increased to the amount that, based on the formulas set forth in the Financial Model but substituting certain observed values (i.e., those in Columns 9, 10 and 11 of the Financial Model) from 2004 through 2018 for the corresponding assumptions originally made therein, will result in the Net Administrative Transfer Fee Increase plus the Easement Value being less than the Percentage Rent Shortfall by no more than \$500,000.

C. Calculations

The Rent Adjustment Analysis shall consist of the following calculations and steps.

1. *Step 1: Determination of Whether There is a Rent Deficiency*

Not later than February 1, 2019, using the approach set forth in the Financial Model, County shall determine whether a Rent Deficiency exists by the following method:

(a) substitute the actual volume and prices of Category A Unit sales, for the period from July 1, 2004 through December 31, 2018 for the projected values now included in Columns 9 and 10 of the Financial Model;

(b) project the Increased Administrative Transfer Fees (Column 13) for the Category A Units for the period from January 1, 2019 through December 31, 2052, using the sales trend established for the period from July 1, 2004 through December 31, 2018, as determined through the application of appropriate statistical techniques; and

(c) using the new projection of Increased Administrative Transfer Fees (Column 13) for the Category A Units but leaving all other variables alone, recalculate the Net Administrative Transfer Fee Increase.

If the sum of the Net Administrative Transfer Fee Increase and the Easement Value is more than \$500,000 lower than the Percentage Rent Shortfall, then a "Rent Deficiency" shall exist and the Shadow Rent Annual Percentage Increase shall be increased as provided in Step 2 below (as discussed in Section III.C.3 below, examples of a hypothetical Rent Deficiency and the resulting Shadow Rent Annual Percentage Increase are attached as Schedules 2A and 3A hereto); if there is no Rent Deficiency, then the Shadow Rent Annual Percentage Increase shall remain unchanged for the remainder of the term, except for any increase to be implemented pursuant to Section III of this Exhibit V.

2. *Step 2: Recalibration of the Ground Rent Index*

If there is a Rent Deficiency, then the Financial Model shall be revised with a higher rate for the Shadow Rent Annual Percentage Increase from 2019 through 2052 until the total of (i) the Net Administrative Transfer Fee Increase, (ii) the Percentage Rent Shortfall (i.e., the ending value in Column 16 of the Financial Model) plus (iii) the Easement Value yields a shortfall of \$500,000, plus or minus \$10,000. The percentage rate so derived shall then become the Shadow Rent Annual Percentage Increase effective as of January 1, 2019 and remain so for the remainder of the lease term, except for any additional increase to be implemented pursuant to Section III of this Exhibit V.

3. *Example of Calculations in 2019*

As provided above, the Financial Model (Schedule 1A) reflects certain assumptions (as set forth in Schedule 1B) made by the parties with respect to the volume and

prices of sales of the Category A Units (and the resulting Administrative Transfer Fees and Increased Administrative Transfer Fees) for the period from July 1, 2004 through December 31, 2018. Schedule 2A hereto contains an alternate version of the Financial Model that utilizes different amounts for certain columns (i.e., different than the corresponding amounts in Schedule 1A) based on certain hypothetical sales of the Category A Units during such period (as set forth in the assumptions contained in Schedule 2B), resulting in a projected Rent Deficiency of \$2,040,970 (the sum of (i) the ending value in Column 16 of Schedule 2A and (ii) the Easement Value (\$350,000)). If the hypothetical sales reflected in Schedules 2A and 2B actually occur, then, in April 2019, the Shadow Rent Annual Percentage Increase will be increased from 3.75% to 4.21% so that, as reflected in Schedule 3A, there will be no projected Rent Deficiency in 2052 (because the sum of (i) the ending value in Column 16 of Schedule 3A and (ii) the Easement Value (\$350,000) will not result in a shortfall greater than \$500,000).

III. Additional Potential Rent Adjustment in 2019

Regardless of whether the Shadow Rent Annual Percentage Increase is to be increased as a result of the Rent Adjustment Analysis, if it is determined, pursuant to and at the time provided in Section 5.10 of the Lease, that the applicable percentage component of the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units should be increased, then the following changes shall be made to the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units effective as of January 1, 2019 (with the first payment of increased Percentage Rent attributable to such changes due in April 2019, as provided in subsection 5.08(b)(4) of the Lease):¹ (i) the applicable percentage shall be increased to the percentage previously determined pursuant to Section 5.10; and (ii) the Shadow Rent Annual Percentage Increase shall be increased (in addition to any increase to be made as a result of the Rent Adjustment Analysis) by the amount that will enable County to recover, over the remainder of the term, the amount of the increase in Percentage Rents for Category A Units that County otherwise would have received from 2016 through March 2019, resulting from the increase in the applicable percentage component of the Percentage Rent formula, together with interest thereon at a rate equal to the County Pool Rate (as defined in Exhibit W) (collectively, the "Deferred Percentage Rent Amount").

Schedules 4A and 4B illustrate the impact of the additional rent owed as a result of the delay in the increase (from 2016 until April 2019) in the applicable percentage component of the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units. In the example shown on Schedule 4B, the Deferred Percentage Rent Amount is \$2,844,354; this amount must be considered together with any Rent Deficiency for purposes of determining the Shadow Rent Annual Percentage Increase to be implemented in April 2019 so

¹ The (original) Lease provides that the adjustment to the Percentage Rent for Prepaid Subleases under Section 5.10 is to occur as of January 1, 2016. The determination of whether an adjustment should be made pursuant to that Section will be made at the time provided therein for all Prepaid Subleases, and any applicable adjustment shall continue to be effective as of January 1, 2016 with respect to those Prepaid Subleases that are Category B Units; however, any applicable adjustment with respect to those Prepaid Subleases that are Category A Units shall be delayed until 2019 so that the various rental adjustments for the Category A Units may be combined as part of a single rental increase (in terms of any changes to the formula for determining the Percentage Rent).

that the total of (i) the Net Administrative Transfer Fee Increase, the Percentage Rent Shortfall plus the Easement Value, minus (ii) the Deferred Percentage Rent Amount is projected to yield a shortfall of \$500,000, plus or minus \$10,000. In the example shown on Schedule 4B, the new Shadow Rent Annual Percentage Increase would be 4.96%.

IV. Schedules

Schedules 1A, 1B, 2A, 2B, 3A, 3B, 4A and 4B to this Exhibit V are hereby incorporated into and form a part of this Exhibit V as if set forth herein in full.

Schedule 1A to Exhibit V

Spreadsheet Depicting Formula for Rent Adjustment Analysis

See the attached

[The attached Spreadsheet assumes that there are 480 Category A Units; as provided in Exhibit B, if there are fewer than 480 Category A Units, then the Amendment to which this Exhibit V is attached will not be effective. Prior to the Effective Date (if that occurs), the attached Spreadsheet will be replaced with a revised Spreadsheet that reflects the actual number of Category A Units.]

Schedule 1A Marina City Club: Base Case

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate	Percentage Rent With Shadow Rent From In Years 2003 - 2006, then with 3.75% Fixed Annual Increase	Percentage Rent Loss [Col (3) - Col (1)]	Present Value of Percentage Rent Loss [PV of Col (4) at 8% Discount Rate]	Base Percentage Rent for Calculation of Condo Project Repairs Acct [Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (2) - Col (6)]	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (8) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.0%]	Increased Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest of 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV at 8% of Col (14)]	Cumul. PV of Percentage Rent Loss + Incr. Admin Transfer Fees [Col (5) + Col (15)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1998	1,943,270		1,943,270			1,943,270										
1999	2,006,732		2,006,732			1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155			1,943,270	319,885	475,347						475,347		
2001	2,361,860		2,361,860			1,943,270	448,589	923,936						923,936		
2002	2,378,002		2,378,002			1,943,270	633,352	1,557,287						1,557,287		
2003	2,778,434	2,778,434	2,778,434	0	0	1,943,270	833,164	2,390,451	0	0	0	0	0	2,390,451	0	
2004	2,860,551	2,867,178	2,778,434	(104,116)	(86,404)	1,943,270	833,164	3,223,615	34	367,500	12,012,000	300,300	180,180	3,223,595	0	
2005	2,868,571	2,862,218	2,778,434	(212,137)	(181,873)	1,943,270	833,164	4,066,769	67	378,950	25,445,440	636,636	381,382	3,988,860	0	
2006	3,100,843	2,461,389	2,778,434	(324,206)	(267,367)	1,943,270	833,164	4,869,823	67	401,987	26,993,368	674,834	404,900	4,596,507	0	
2007	3,216,917	2,364,530	2,880,651	(336,368)	(247,238)	1,943,270	833,164		67	425,768	28,612,968	715,324	429,196	4,378,680	0	
2008	3,337,551	2,271,481	2,988,571	(348,960)	(237,910)	1,943,270	833,164		67	451,338	30,329,748	758,244	454,948	4,124,633	0	
2009	3,462,708	2,182,094	3,100,643	(362,067)	(228,163)	1,943,270	833,164		67	478,418	32,149,531	803,736	482,243	3,834,672	0	
2010	3,592,561	2,096,226	3,216,917	(375,644)	(219,185)	1,943,270	833,164		67	507,121	34,078,503	851,963	511,178	3,506,818	0	
2011	3,727,282	2,013,734	3,337,551	(389,731)	(210,558)	1,943,270	833,164		67	537,548	36,123,213	903,080	541,848	3,134,871	0	
2012	3,867,055	1,934,490	3,462,708	(404,348)	(202,274)	1,943,270	833,164		67	569,801	38,290,806	957,295	574,359	2,718,417	0	
2013	4,012,070	1,858,364	3,592,561	(419,509)	(194,314)	1,943,270	833,164		67	603,989	40,588,043	1,014,791	606,821	2,252,795	0	
2014	4,162,522	1,785,234	3,727,282	(435,240)	(186,987)	1,943,270	833,164		67	640,228	43,023,326	1,075,963	646,390	1,734,088	0	
2015	4,318,517	1,714,982	3,867,055	(451,602)	(179,321)	1,943,270	833,164		67	678,642	45,604,725	1,140,116	684,071	1,246,557	0	
2016	4,480,958	1,647,494	4,012,070	(468,495)	(172,285)	1,943,270	833,164		67	719,360	48,341,008	1,208,525	725,115	820,363	0	
2017	4,648,596	1,582,662	4,162,522	(486,064)	(165,488)	1,943,270	833,164		67	762,522	51,241,469	1,281,037	768,822	261,886	0	
2018	4,822,908	1,520,362	4,318,517	(504,291)	(158,974)	1,943,270	833,164		67	808,773	54,316,957	1,357,889	814,738	258,840	0	
2019	5,003,787	1,460,562	4,480,958	(523,202)	(152,718)	1,943,270	833,164		67	858,178	57,574,914	1,438,373	863,824	252,084	0	
2020	5,191,408	1,403,076	4,648,596	(542,822)	(146,708)	1,943,270	833,164		67	909,776	61,029,409	1,525,735	915,441	247,416	0	
2021	5,386,086	1,347,863	4,822,908	(563,178)	(140,938)	1,943,270	833,164		67	962,966	64,681,173	1,617,279	970,388	242,834	0	
2022	5,588,064	1,294,822	5,003,787	(584,287)	(135,389)	1,943,270	833,164		67	1,020,428	68,527,844	1,714,318	1,028,990	238,337	0	
2023	5,797,817	1,243,988	5,191,408	(606,208)	(130,081)	1,943,270	833,164		67	1,081,652	72,667,002	1,817,178	1,090,308	233,937	0	
2024	6,015,027	1,194,920	5,386,086	(628,941)	(124,843)	1,943,270	833,164		67	1,146,551	77,048,223	1,926,208	1,165,723	229,991	0	
2025	6,240,991	1,147,997	5,588,064	(652,827)	(120,028)	1,943,270	833,164		67	1,215,344	81,671,116	2,041,778	1,225,087	228,339	0	
2026	6,474,613	1,102,726	5,797,817	(678,998)	(115,303)	1,943,270	833,164		67	1,288,265	86,571,363	2,164,285	1,286,571	221,198	0	
2027	6,717,411	1,059,331	6,015,027	(707,384)	(110,783)	1,943,270	833,164		67	1,365,561	91,795,808	2,294,142	1,378,488	217,071	0	
2028	6,969,314	1,017,645	6,240,991	(737,723)	(106,407)	1,943,270	833,164		67	1,447,494	97,271,806	2,431,790	1,469,074	213,951	0	
2029	7,230,683	977,566	6,474,613	(768,505)	(102,218)	1,943,270	833,164		67	1,534,344	103,107,802	2,577,698	1,548,818	209,108	0	
2030	7,501,613	938,128	6,717,411	(784,402)	(98,197)	1,943,270	833,164		67	1,626,404	109,294,378	2,732,359	1,638,418	206,233	0	
2031	7,763,131	902,172	6,969,314	(813,817)	(94,333)	1,943,270	833,164		67	1,723,889	115,862,036	2,896,301	1,737,781	197,433	0	
2032	8,024,999	868,670	7,230,683	(844,336)	(90,820)	1,943,270	833,164		67	1,827,428	122,803,161	3,070,079	1,842,047	197,702	0	
2033	8,377,811	832,565	7,501,613	(875,966)	(87,064)	1,943,270	833,164		67	1,937,074	130,171,361	3,264,284	1,952,570	194,041	0	
2034	8,801,979	799,802	7,763,131	(908,848)	(83,829)	1,943,270	833,164		67	2,053,298	137,881,832	3,448,541	2,089,724	190,448	0	
2035	9,017,828	768,328	8,024,999	(934,900)	(80,338)	1,943,270	833,164		67	2,178,498	146,280,330	3,656,513	2,193,908	186,821	0	
2036	9,358,100	738,083	8,377,811	(978,289)	(77,178)	1,943,270	833,164		67	2,307,088	155,036,182	3,875,904	2,325,542	183,400	0	
2037	9,708,954	709,047	8,801,979	(1,014,975)	(74,139)	1,943,270	833,164		67	2,445,511	164,338,331	4,108,458	2,485,075	180,062	0	
2038	10,070,965	681,145	9,017,828	(1,053,007)	(71,222)	1,943,270	833,164		67	2,643,331	170,811,865	4,272,797	2,583,878	173,393	0	
2039	10,448,628	654,341	9,358,100	(1,082,528)	(68,419)	1,943,270	833,164		67	2,845,085	177,748,338	4,443,708	2,686,225	168,971	0	
2040	10,840,450	628,591	9,708,954	(1,133,495)	(65,727)	1,943,270	833,164		67	2,750,967	184,856,273	4,621,457	2,772,874	180,787	0	
2041	11,246,967	603,855	10,070,965	(1,178,002)	(63,140)	1,943,270	833,164		66	2,860,902	192,675,161	4,801,879	2,815,127	151,146	0	
2042	11,668,728	580,092	10,448,628	(1,220,102)	(60,855)	1,943,270	833,164		64	2,975,338	190,421,626	4,780,541	2,858,324	141,998	0	
2043	12,106,305	557,293	10,840,450	(1,268,855)	(58,288)	1,943,270	833,164		62	3,094,361	193,097,829	4,827,188	2,898,312	133,320	0	
2044	12,560,291	535,335	11,246,967	(1,313,325)	(55,978)	1,943,270	833,164		61	3,218,125	195,682,030	4,891,551	2,934,900	125,990	0	
2045	13,031,302	514,268	11,668,728	(1,362,876)	(53,773)	1,943,270	833,164		59	3,348,851	198,133,560	4,953,339	2,972,003	117,287	0	
2046	13,518,978	494,031	12,106,305	(1,413,871)	(51,867)	1,943,270	833,164		58	3,480,725	200,489,733	5,012,243	3,007,348	109,861	0	
2047	14,026,975	474,580	12,560,291	(1,468,884)	(49,824)	1,943,270	833,164		56	3,618,964	202,717,396	5,067,935	3,040,781	98,981	0	
2048	14,552,987	455,914	13,031,302	(1,521,985)	(47,871)	1,943,270	833,164		54	3,764,752	204,802,490	5,120,562	3,072,031	86,240	0	
2049	15,098,724	437,973	13,518,978	(1,578,748)	(45,795)	1,943,270	833,164		53	3,915,342	206,730,043	5,169,251	3,100,951	68,950	0	
2050	15,664,920	420,736	14,026,975	(1,637,851)	(43,903)	1,943,270	833,164		51	4,071,965	208,484,118	5,212,102	3,127,202	48,212	0	
2051	16,253,361	404,181	14,552,987	(1,698,374)	(42,282)	1,943,270	833,164		50	4,234,834	210,047,748	5,251,194	3,150,718	28,355	0	
2052	16,864,824	388,278	15,098,724	(1,763,100)	(40,899)	1,943,270	833,164		48	4,404,227	211,402,883	5,285,072	3,171,043	18,019	0	

Key Deal Parameters:

- Percentage Rent Annual % Incr. 3.75%
- Percentage Rent From 2003 - 2006 10.00%
- 2004 Unit Price Increase 10.00%
- Current Admin Transfer Fee 1.00%
- Increased Admin Transfer Fee 2.50%
- Assumed Condo Project Repairs Acct Interest % (County Pool) 4.00%
- Unit Price Appreciation, 2004 - 2007 8.00%
- Unit Price Appreciation, 2008 - Lease Expiration 4.00%
- County PV Discount Rate 8.00%
- Assumed Promotee Value \$360,000
- Lookback Year 2019

OPT-IN PERCENTAGE ASSUMED: 80.00%
OPT-IN TRIGGER (1 = BASE CASE) 2

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL (5,827,346)

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE 814,726

Schedule 1B to Exhibit V

Assumptions for Schedule 1A

See the attached

Schedule 1B
Marina City Club: Base Case Assumptions

PARTICIPATION FEE ASSUMPTIONS

- 1/1/2004 Assumed Date of Start of Deal
- 6/1/2004 Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
- 8.00% Base County Target Earnings Rate
- 0.00% Differential for County Target Earnings Rate
- 8.00% County Target Earnings Rate - Ground Rent
- 8.00% County Target Earnings Rate - Participation
- 4.00% Interest Rate on Loan
- 67.2 Assumed Number of Units Sold Per Year
- \$325,000 Assumed Average Selling Price - 2003 Dollars
- 10.00% Assumed One-Time Increase in 2004
- 6.00% Increase in Selling Prices - 2005 through 2037
- 4.00% Increase in Selling Prices - 2038 through 2052
- 21,840,000 Assumed Unit Sale Proceeds in 2002
- 1.00% Current Participation Fee Paid to County
- 2.50% Participation Fee to be Paid to County Starting in 2003, through 2019
- 2.50% Participation Fee to be Paid to County Starting in 2020 on
- \$350,000 Assumed Promenade Value
- 0.00% Increase in Participation Fee in 2026
- 1 Sale decay trigger - 1 indicates decay of 2 per year after 2040
- 1 Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

- 7.72% 2002 Increase in MCC Ground Rent (Actual)
- 7.76% 2003 assumed ground rent increase
- 3.75% 2004 assumed ground rent increase
- 3.75% 2005 assumed ground rent increase
- 2019 Rent Deficiency Analysis Year
- 3.75% Shadow Rent Annual Percentage Increase from 2003 to March 2019
- 3.75% Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

Schedule 2A to Exhibit V

Spreadsheet Depicting Hypothetical Results

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 2B.

Schedule 2A

Marina City Club Rent Adjustment Example: Before Rent Adjustment

Year	Percentage Rent With Shadow Rent Increasing at 2003 Starting In 2003	Present Value of Column (1) at 8.00% Discount Rate	Percentage Rent With Shadow Rent Present In Years 2003 - 2006, then with 3.75% Fixed Annual Increase	Present Value of [Col (3) - Col (1)] at 8% Discount Rate	Base Percentage Rent for Calculation of Condo Project Repairs Acct [1998 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (3) - Col (1)]	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Increased Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (17) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Paid Off [PV at 8% of Col (14)]	Cumulative PV of Percentage Rent Loss + Iner. Admin Transfer Fees [PV of Col (3) + Col (15)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	1,943,270		1,943,270		1,943,270										
1999	2,068,732		2,068,732		1,943,270	155,462	155,462						155,462		
2000	2,263,156		2,263,156		1,943,270	318,925	475,347						475,347		
2001	2,391,060		2,391,060		1,943,270	448,569	623,936						623,936		
2002	2,578,802		2,578,802		1,943,270	633,332	1,557,267	0	0	0	0	0	1,557,267		
2003	2,778,434	2,778,434	2,778,434	0	1,943,270	833,164	2,390,431	0	0	0	0	0	2,390,431	0	0
2004	2,880,561	2,887,178	2,778,434	(104,116)	1,943,270	833,164	3,223,585	34	351,000	11,793,800	294,840	176,904	3,223,585		(96,404)
2005	2,988,571	2,952,218	2,778,434	(212,137)	1,943,270	833,164	4,056,758	67	365,040	24,630,688	613,267	367,960	3,992,138		(535,644)
2006	3,100,643	2,461,360	2,778,434	(324,204)	1,943,270	833,164	4,898,923	67	378,842	25,511,816	637,798	362,679	4,817,025		(782,665)
2007	3,216,917	2,364,630	2,880,561	(336,368)				67	394,827	26,532,392	663,310	397,996	4,419,027		(1,020,393)
2008	3,337,551	2,271,481	2,988,871	(348,980)				67	410,620	27,593,888	689,842	413,905	4,197,802		(1,248,557)
2009	3,462,708	2,182,084	3,100,643	(362,067)				67	427,045	28,697,435	717,438	430,462	3,951,809		(1,467,741)
2010	3,592,561	2,096,225	3,216,917	(375,644)				67	444,127	29,845,333	746,133	447,680	3,678,420		(1,678,301)
2011	3,727,282	2,013,734	3,337,561	(389,731)				67	461,862	31,038,148	775,978	465,567	3,376,917		(1,880,574)
2012	3,867,055	1,934,490	3,462,708	(404,348)				67	480,368	32,280,712	807,016	484,211	3,048,488		(2,074,888)
2013	4,011,070	1,858,384	3,592,561	(419,509)				67	499,582	33,571,840	839,289	503,578	2,686,215		(2,261,558)
2014	4,162,522	1,785,234	3,727,282	(435,240)				67	519,586	34,914,818	872,870	523,722	2,290,088		(2,440,877)
2015	4,318,817	1,714,962	3,867,055	(451,855)				67	540,348	36,311,411	907,785	544,671	1,857,968		(2,613,141)
2016	4,480,565	1,647,484	4,012,070	(468,985)				67	561,862	37,763,867	944,087	568,458	1,367,613		(2,778,827)
2017	4,648,586	1,582,862	4,162,522	(486,084)				67	584,441	39,274,422	981,861	598,116	878,600		(2,937,601)
2018	4,822,908	1,520,382	4,318,817	(504,291)				67	607,818	40,843,389	1,021,135	612,681	0		(3,091,011)
2019	5,003,767	1,460,582	4,480,565	(523,202)				67	632,131	42,478,215	1,061,980	637,188	165,968		(3,239,329)
2020	5,191,408	1,403,076	4,648,586	(542,822)				67	657,416	44,178,383	1,104,460	662,676	0		(3,381,937)
2021	5,386,088	1,347,803	4,822,908	(563,178)				67	683,713	45,945,519	1,148,638	688,183	172,467		(3,518,404)
2022	5,586,084	1,294,622	5,003,787	(584,297)				67	711,022	47,783,339	1,194,583	716,750	166,000		(3,650,712)
2023	5,787,817	1,243,886	5,191,408	(606,208)				67	739,504	49,694,873	1,242,367	745,420	158,229		(3,779,848)
2024	6,015,027	1,194,920	5,386,088	(629,941)				67	769,084	51,682,480	1,292,061	778,237	154,005		(3,902,763)
2025	6,240,581	1,147,997	5,586,084	(652,527)				67	799,848	53,749,758	1,343,744	806,246	148,301		(4,020,508)
2026	6,471,813	1,102,726	5,787,817	(676,966)				67	831,841	55,899,749	1,397,494	834,498	142,808		(4,135,002)
2027	6,717,411	1,059,331	6,015,027	(702,384)				67	865,115	58,135,738	1,453,393	872,036	137,320		(4,248,248)
2028	6,968,314	1,017,845	6,240,581	(728,729)				67	899,720	60,461,168	1,511,629	908,918	132,426		(4,358,228)
2029	7,233,853	977,589	6,474,613	(756,069)				67	935,708	62,879,618	1,571,950	943,184	127,322		(4,465,926)
2030	7,501,813	938,128	6,717,411	(784,402)				67	973,137	65,394,799	1,634,870	980,822	122,798		(4,572,448)
2031	7,782,131	902,172	6,968,314	(813,817)				67	1,012,062	68,010,891	1,700,285	1,020,139	118,250		(4,679,408)
2032	8,074,999	868,670	7,233,853	(844,336)				67	1,052,545	70,731,015	1,768,275	1,060,985	113,871		(4,787,158)
2033	8,377,811	832,563	7,501,813	(875,998)				67	1,094,647	73,560,256	1,839,006	1,103,404	109,853		(4,895,572)
2034	8,691,979	798,802	7,782,131	(908,848)				67	1,138,433	76,502,666	1,912,567	1,147,540	105,582		(5,004,994)
2035	9,017,828	766,328	8,074,999	(942,930)				67	1,183,970	79,562,772	1,989,089	1,193,442	101,661		(5,116,250)
2036	9,356,100	736,083	8,377,811	(978,288)				67	1,231,329	82,745,283	2,068,632	1,241,179	97,815		(5,230,511)
2037	9,706,964	706,047	8,691,979	(1,014,979)				67	1,280,582	86,055,095	2,151,377	1,290,826	94,289		(5,346,361)
2038	10,070,985	681,146	9,017,828	(1,063,037)				67	1,314,731	89,349,897	2,208,747	1,325,248	89,633		(5,463,950)
2039	10,448,626	654,341	9,356,100	(1,092,528)				67	1,348,790	92,705,884	2,267,847	1,360,588	85,206		(5,582,163)
2040	10,840,450	628,591	9,706,964	(1,133,495)				67	1,385,784	96,124,718	2,328,116	1,396,871	80,999		(5,701,861)
2041	11,246,987	603,855	10,070,985	(1,176,002)				66	1,422,739	99,331,862	2,333,292	1,399,875	75,165		(5,822,966)
2042	11,668,728	580,082	10,448,628	(1,220,102)				64	1,460,878	93,463,421	2,337,086	1,402,251	69,711		(5,946,811)
2043	12,108,305	557,265	10,840,450	(1,265,859)				62	1,499,820	85,578,904	2,339,423	1,403,664	64,811		(6,072,468)
2044	12,560,291	535,335	11,246,987	(1,313,329)				61	1,539,620	83,608,898	2,340,222	1,404,133	59,848		(6,200,597)
2045	13,031,302	514,269	11,668,728	(1,362,573)				60	1,580,877	83,678,051	2,339,401	1,403,841	55,303		(6,330,977)
2046	13,519,978	494,031	12,108,305	(1,413,871)				58	1,622,828	83,474,888	2,338,872	1,402,123	51,236		(6,463,399)
2047	14,026,975	474,580	12,560,291	(1,468,064)				56	1,666,103	83,301,798	2,332,545	1,399,527	47,362		(6,597,871)
2048	14,552,987	456,814	13,031,302	(1,521,885)				54	1,710,533	83,052,981	2,326,325	1,395,795	43,727		(6,734,615)
2049	15,098,724	437,873	13,519,978	(1,578,748)				53	1,756,147	82,724,559	2,318,114	1,390,888	40,345		(6,872,064)
2050	15,664,826	420,738	14,026,975	(1,637,961)				51	1,802,878	82,312,450	2,307,811	1,384,687	37,149		(7,010,867)
2051	16,252,361	404,181	14,552,987	(1,699,374)				50	1,851,067	81,812,424	2,295,311	1,377,186	34,291		(7,150,879)
2052	16,861,824	388,278	15,098,724	(1,763,100)				48	1,900,418	81,222,086	2,280,502	1,368,301	31,508		(7,292,978)

Key Deal Parameters:
 Percentage Rent Annual % Incr. 3.75%
 Percentage Rent Freeze 2003 - 2006
 2004 Unit Price Increase 8.00%
 Current Admin Transfer Fee 1.00%
 Increased Admin Transfer Fee 2.50%
 Assumed Condo Project Repairs Acct Interest % (County Pool) 4.00%
 Unit Price Appreciation, 2004 - 2007 4.00%
 Unit Price Appreciation, 2008 - Lease Expiration 2.87%
 County PV Discount Rate 8.00%
 Assumed Reserve Value \$330,000
 Rent Adjustment Analysis Year 2019

OPT-IN PERCENTAGE ASSUMED: 80.00%
 OPT-IN TRIGGER (1 = BASE CASE) 2

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL (1,827,349)

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF LEASEMENT VALUE (2,040,970)

Schedule 2B to Exhibit V

Assumptions for Schedule 2A

See the attached

Schedule 2B

**Marina City Club Rent Adjustment Example:
Assumptions for Before Rent Adjustment**

PARTICIPATION FEE ASSUMPTIONS

- 1/1/2004 Assumed Date of Start of Deal
- 6/1/2004 Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
- 8.00% Base County Target Earnings Rate
- 0.00% Differential for County Target Earnings Rate
- 8.00% County Target Earnings Rate - Ground Rent
- 8.00% County Target Earnings Rate - Participation
- 4.00% Interest Rate on Loan
- 67.2 Assumed Number of Units Sold Per Year
- \$325,000 Assumed Average Selling Price - 2003 Dollars
- 8.00% Assumed One-Time Increase in 2004
- 4.00% Increase in Selling Prices - 2005 through 2037
- 2.67% Increase in Selling Prices - 2038 through 2052
- 21,840,000 Assumed Unit Sale Proceeds in 2002
- 1.00% Current Participation Fee Paid to County
- 2.50% Participation Fee to be Paid to County Starting in 2003, through 2019
- 2.50% Participation Fee to be Paid to County Starting in 2020 on
- \$350,000 Assumed Promenade Value
- 0.00% Increase in Participation Fee in 2026
- 1 Sale decay trigger - 1 indicates decay of 2 per year after 2040
- 1 Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

- 7.72% 2002 Increase in MCC Ground Rent (Actual)
- 7.76% 2003 assumed ground rent increase
- 3.75% 2004 assumed ground rent increase
- 3.75% 2005 assumed ground rent increase
- 2019 Rent Deficiency Analysis Year
- 3.75% Shadow Rent Annual Percentage Increase from 2003 to March 2019
- 3.75% Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

Schedule 3A to Exhibit V

Spreadsheet Depicting Recalibration of Ground Rent Index

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 3B.

Schedule 3A

Marina City Club Rent Adjustment Example: After Rent Adjustment

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate	Percentage Rent With Shadow Rent Freezes in Years 2003 - 2006, then with 3.75% Used with Annual Increase	Present Value of Column (3) at 8.00% Discount Rate	Percentage Rent Less (Col (3) - Col (1))	Present Value of Percentage Rent Less (PV of Col (4) at 8% Discount Rate)	Base Percentage Rent for Calculation of Condo Project Repairs Acct (1998 Value of Col (1))	Annual Contribution to Gross Condo Project Repairs Acct (Col (3) - Col (4))	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales (Col (9) x Col (10))	Total Administrative Transfer Fees (Col (11) x 2.9%)	Increased Administrative Transfer Fees (Col (11) x 1.9%)	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 (Prior Yr + Col (7) + Col (13) + Col (14) + Interest)	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off (PV at 8% of Col (14))	Cumulative PV of Percentage Rent Loss + Incr. Admin Transfer Fee (PV of Col (5) + PV of Col (16))
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1998	1,943,270		1,943,270				1,943,270										
1999	2,098,732		2,098,732				1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155				1,943,270	318,865	478,347						478,347		
2001	2,381,680		2,381,680				1,943,270	448,589	823,938						823,938		
2002	2,578,802		2,578,802				1,943,270	633,332	1,557,267						1,557,267		
2003	2,778,434	2,778,434	2,778,434	0	0		1,943,270	833,184	2,380,431	0	0	0	0	0	2,380,431	0	
2004	2,980,561	2,980,561	2,778,434	(104,116)	(86,404)		1,943,270	833,184	3,223,595	34	361,000	11,793,800	284,840	178,904	3,223,595	(86,404)	
2005	3,190,843	3,190,843	2,980,561	(212,137)	(181,873)		1,943,270	833,184	4,056,759	67	395,040	24,630,998	613,267	397,950	3,992,136	(278,277)	
2006	3,418,917	3,418,917	2,778,434	(324,209)	(277,307)		1,943,270	833,184	4,889,923	67	379,842	26,511,916	637,798	382,878	4,617,025	(555,644)	
2007	3,657,551	3,657,551	2,800,561	(236,388)	(207,239)					67	394,827	28,632,292	663,310	397,088	4,419,027	(732,963)	
2008	3,917,176	3,917,176	2,988,871	(148,885)	(127,810)					67	410,820	27,593,868	699,842	413,905	4,187,802	0	
2009	4,198,208	4,198,208	3,100,643	(382,077)	(328,183)					67	427,045	28,897,435	717,436	430,462	3,951,808	(1,248,587)	
2010	4,499,261	4,499,261	3,218,917	(378,844)	(319,185)					67	444,127	29,845,333	748,133	447,680	3,679,420	(1,487,741)	
2011	4,820,524	4,820,524	3,337,561	(382,731)	(310,599)					67	461,892	31,038,148	775,878	465,587	3,378,817	(1,878,301)	
2012	5,173,287	5,173,287	3,462,709	(404,348)	(322,274)					67	480,368	32,280,712	807,018	484,211	3,048,498	(1,880,574)	
2013	5,557,950	5,557,950	3,592,561	(418,509)	(348,214)					67	499,582	33,671,840	839,299	503,579	2,680,215	(2,074,888)	
2014	5,975,113	5,975,113	3,727,282	(435,240)	(366,867)					67	519,588	34,914,818	872,870	623,722	2,290,085	(2,290,085)	
2015	6,428,276	6,428,276	3,867,055	(451,562)	(387,321)					67	540,348	36,311,411	907,785	644,871	1,887,968	(2,440,877)	
2016	6,919,839	6,919,839	4,012,070	(468,495)	(402,265)					67	561,982	37,783,887	944,097	568,458	1,367,813	(2,813,141)	
2017	7,448,902	7,448,902	4,162,322	(486,084)	(405,486)					67	584,441	39,274,422	981,861	589,118	878,880	(2,778,627)	
2018	8,025,965	8,025,965	4,318,617	(504,291)	(408,974)					67	607,818	40,845,398	1,021,138	612,861	322,610	(2,937,801)	
2019	8,659,419	8,659,419	4,485,419	(508,348)	(408,348)					67	632,131	42,479,215	1,061,980	637,188	185,989	(2,890,994)	
2020	9,351,408	9,351,408	4,664,613	(508,799)	(408,799)					67	657,418	44,178,383	1,104,480	662,876	179,101	(2,857,884)	
2021	10,113,883	10,113,883	4,856,789	(504,317)	(408,206)					67	683,713	46,946,618	1,149,838	689,183	172,467	(2,811,602)	
2022	10,958,084	10,958,084	5,067,223	(500,841)	(408,841)					67	711,082	47,783,339	1,194,583	718,750	168,080	(2,761,573)	
2023	11,897,817	11,897,817	5,291,324	(498,293)	(408,478)					67	739,504	48,899,873	1,242,267	746,420	159,828	(2,708,123)	
2024	12,932,027	12,932,027	5,524,435	(490,882)	(408,458)					67	769,084	51,682,980	1,292,081	776,237	154,005	(2,655,577)	
2025	14,061,581	14,061,581	5,766,936	(483,658)	(408,984)					67	799,848	53,748,758	1,343,744	808,248	148,301	(2,592,239)	
2026	15,296,613	15,296,613	6,019,223	(476,381)	(409,986)					67	831,841	56,099,748	1,397,494	838,998	142,809	(2,530,397)	
2027	16,647,111	16,647,111	6,281,706	(468,703)	(411,441)					67	866,115	58,735,738	1,453,263	872,036	137,520	(2,468,319)	
2028	18,123,114	18,123,114	6,564,815	(454,489)	(408,365)					67	902,720	60,461,108	1,511,529	906,916	132,426	(2,400,257)	
2029	19,737,083	19,737,083	6,868,967	(441,868)	(408,714)					67	940,708	62,879,615	1,571,990	943,194	127,522	(2,332,450)	
2030	21,493,113	21,493,113	7,194,719	(427,085)	(408,467)					67	973,137	66,394,799	1,634,870	960,922	122,798	(2,263,118)	
2031	23,405,131	23,405,131	7,542,465	(410,898)	(408,802)					67	1,012,082	68,010,591	1,700,285	1,020,189	118,270	(2,192,470)	
2032	25,489,999	25,489,999	7,924,742	(392,258)	(408,100)					67	1,052,545	70,721,018	1,768,276	1,080,865	113,871	(2,120,889)	
2033	27,761,811	27,761,811	8,340,678	(371,733)	(408,942)					67	1,094,647	73,680,256	1,839,006	1,134,404	106,653	(2,047,887)	
2034	30,236,979	30,236,979	8,803,021	(348,957)	(408,110)					67	1,138,433	76,902,880	1,912,567	1,147,540	106,592	(1,974,505)	
2035	32,922,628	32,922,628	9,304,146	(323,783)	(408,988)					67	1,183,970	79,582,772	1,989,069	1,193,442	101,681	(1,900,410)	
2036	35,836,100	35,836,100	9,846,047	(298,053)	(408,359)					67	1,231,328	82,745,283	2,068,632	1,241,179	97,815	(1,826,860)	
2037	39,084,864	39,084,864	10,424,348	(265,800)	(408,401)					67	1,280,582	86,055,096	2,151,377	1,290,620	84,289	(1,750,962)	
2038	42,684,968	42,684,968	11,044,896	(232,269)	(408,709)					67	1,314,731	89,348,987	2,208,747	1,325,248	69,633	(1,677,039)	
2039	46,644,826	46,644,826	11,714,787	(195,889)	(408,260)					67	1,349,790	90,705,894	2,267,847	1,360,568	55,208	(1,604,068)	
2040	51,074,450	51,074,450	12,444,265	(158,163)	(408,066)					67	1,385,784	93,124,718	2,328,118	1,386,871	40,999	(1,532,156)	
2041	56,094,987	56,094,987	13,238,823	(113,044)	(408,009)					68	1,422,739	93,331,802	2,333,292	1,398,973	75,165	(1,463,000)	
2042	61,834,728	61,834,728	14,092,504	(68,223)	(408,282)					64	1,460,678	93,483,421	2,337,086	1,402,251	69,711	(1,396,842)	
2043	68,419,305	68,419,305	15,000,807	(15,498)	(408,713)					62	1,499,830	93,678,804	2,339,423	1,403,854	64,811	(1,332,744)	
2044	75,974,291	75,974,291	16,069,880	38,388	(408,878)					61	1,539,820	93,808,986	2,340,222	1,404,133	58,848	(1,271,220)	
2045	84,644,302	84,644,302	17,299,929	86,827	(408,927)					59	1,580,877	93,978,061	2,339,401	1,403,841	55,393	(1,211,834)	
2046	94,558,878	94,558,878	18,694,515	152,528	(408,938)					58	1,622,828	93,474,988	2,336,872	1,402,123	51,235	(1,099,580)	
2047	105,954,979	105,954,979	20,264,519	231,282	(408,928)					58	1,666,103	93,301,788	2,332,545	1,399,627	47,322	(1,099,580)	
2048	119,082,987	119,082,987	22,024,344	325,447	(408,909)					54	1,710,533	93,052,981	2,326,326	1,395,795	40,348	(994,789)	
2049	134,084,724	134,084,724	24,064,795	385,041	(408,881)					53	1,756,147	92,724,559	2,318,114	1,390,868	37,191	(944,842)	
2050	151,184,828	151,184,828	26,414,414	470,480	(408,837)					51	1,802,978	92,312,450	2,307,811	1,384,687	37,191	(894,842)	
2051	170,582,361	170,582,361	29,114,489	582,128	(408,800)					50	1,851,057	91,812,424	2,296,311	1,377,186	34,248	(846,713)	
2052	192,481,624	192,481,624	32,214,143	720,319	(408,768)					48	1,900,418	91,220,088	2,280,502	1,368,301	31,508	(800,008)	

Key Deal Parameters:
 Percentage Rent Annual % Incr. 3.75%
 Percentage Rent Freezes 2003 - 2006
 2004 Unit Price Increase 8.00%
 Current Admin Transfer Fee 1.00%
 Increased Admin Transfer Fee 2.50%
 Assumed Condo Project Repairs Acct Interest % (County Pool) 4.00%
 Unit Price Appreciation, 2004 - 2037 4.00%
 Unit Price Appreciation, 2038 - Lease Expiration 2.67%
 County PV Discount Rate 8.00%
 Assumed P remade Value \$350,000
 Rent Adjustment Analysis Year 2019

OPT-IN PERCENTAGE ASSUMED: 80.00%
 OPT-IN TRIGGER - 1 = BASE CASE 2

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL (4,284,378)

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE (890,000)

Schedule 3B to Exhibit V
Assumptions for Schedule 3A

See the attached

Schedule 3B

Marina City Club Rent Adjustment Example:
Assumptions for After Rent Adjustment

PARTICIPATION FEE ASSUMPTIONS

- 1/1/2004 Assumed Date of Start of Deal
- 6/1/2004 Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
- 8.00% Base County Target Earnings Rate
- 0.00% Differential for County Target Earnings Rate
- 8.00% County Target Earnings Rate - Ground Rent
- 8.00% County Target Earnings Rate - Participation
- 4.00% Interest Rate on Loan
- 67.2 Assumed Number of Units Sold Per Year
- \$325,000 Assumed Average Selling Price - 2003 Dollars
- 8.00%** Assumed One-Time Increase in 2004
- 4.00%** Increase in Selling Prices - 2005 through 2037
- 2.67% Increase in Selling Prices - 2038 through 2052
- 21,840,000 Assumed Unit Sale Proceeds in 2002
- 1.00% Current Participation Fee Paid to County
- 2.50% Participation Fee to be Paid to County Starting in 2003, through 2019
- 2.50% Participation Fee to be Paid to County Starting in 2020 on
- \$350,000 Assumed Promenade Value
- 0.00% Increase in Participation Fee in 2026
- 1 Sale decay trigger - 1 indicates decay of 2 per year after 2040
- 1 Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

- 7.72% 2002 Increase in MCC Ground Rent (Actual)
- 7.76% 2003 assumed ground rent increase
- 3.75% 2004 assumed ground rent increase
- 3.75% 2005 assumed ground rent increase
- 2019 Rent Deficiency Analysis Year.
- 3.75% Shadow Rent Annual Percentage Increase from 2003 to March 2019
- 4.21%** Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

To determine Ground Rental Increase from Rent Adjustment Analysis, set the cell in BOLD to a new rate such that the Overall Shortfall Including Promenade Value at the bottom of column (16) of the calculation equals no more than (\$500,000).

Schedule 4A to Exhibit V

Spreadsheet Depicting Additional Potential Recalibration of Ground Rent Index

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 4B.

Schedule 4A

Marina City Club: Additional Potential Rent Example

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting In 2003	Present Value of Column (1) at 8.00% Discount Rate	Percentage Rent With Shadow Rent From In Years 2003 - 2006, then with 4.00% Fixed Annual Increase	Present Value of Column (3) at 8.00% Discount Rate	Percentage Rent Less Col (2) - Col (4)	Present Value of Percentage Rent Less Col (5) at 8.00% Discount Rate	Base Percentage Rent for Calculation of Condo Project Repairs Asset [1996 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Asset [Col (2) - Col (4)]	Gross Condo Project Repairs Asset Before Increased Transfer Fees Credit and Interest	Assumed Number of Units Sold at Marina City Club Years	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Increased Administrative Transfer Fees [Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV of Col (14) at 8%]	Cumul. PV of Admin Transfer Fees [PV of Col (5) + Col (15)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1998	1,943,270		1,943,270			1,943,270		1,943,270							155,462		
1999	2,006,732		2,006,732			1,943,270	155,462	1,943,270	155,462						478,347		
2000	2,203,186		2,203,186			1,943,270	2,203,186	1,943,270	2,203,186						823,838		
2001	2,301,880		2,301,880			1,943,270	448,589	1,943,270	448,589						1,067,267		
2002	2,376,602		2,376,602			1,943,270	633,332	1,943,270	633,332	0	0	0	0	0	2,360,431	0	
2003	2,776,434	2,776,434	2,776,434	0	0	1,943,270	833,164	1,943,270	833,164	34	36,000	11,793,600	294,840	176,904	3,223,696	0	
2004	2,840,551	2,847,176	2,776,434	(104,119)	(86,404)	1,943,270	833,164	1,943,270	833,164	67	365,040	24,530,640	613,267	367,980	3,902,136	0	
2005	2,986,671	2,982,218	2,776,434	(212,137)	(161,673)	1,943,270	833,164	1,943,270	833,164	67	379,642	25,511,918	637,706	362,679	4,017,025	0	
2006	3,100,643	2,461,360	2,776,434	(324,208)	(257,367)	1,943,270	833,164	1,943,270	833,164	67	394,627	26,532,362	663,310	367,986	4,118,027	0	
2007	3,216,917	2,364,530	2,880,551	(336,368)	(247,239)	1,943,270	833,164	1,943,270	833,164	67	410,620	27,593,888	689,842	413,908	4,197,802	0	
2008	3,337,351	2,271,461	2,986,671	(348,980)	(237,510)	1,943,270	833,164	1,943,270	833,164	67	427,045	28,697,439	717,436	430,482	3,961,900	0	
2009	3,462,709	2,182,094	3,100,643	(362,067)	(228,163)	1,943,270	833,164	1,943,270	833,164	67	444,127	29,845,333	746,133	447,860	3,679,420	0	
2010	3,592,961	2,096,225	3,216,917	(376,944)	(219,168)	1,943,270	833,164	1,943,270	833,164	67	461,992	31,039,146	775,979	465,367	3,378,917	0	
2011	3,727,282	2,013,734	3,337,351	(393,731)	(210,969)	1,943,270	833,164	1,943,270	833,164	67	480,368	32,280,712	807,018	484,211	3,048,496	0	
2012	3,865,655	1,934,480	3,462,709	(413,489)	(203,274)	1,943,270	833,164	1,943,270	833,164	67	499,582	33,571,940	839,299	503,578	2,696,218	0	
2013	4,012,070	1,858,264	3,602,561	(436,240)	(194,314)	1,943,270	833,164	1,943,270	833,164	67	519,566	34,914,818	872,670	523,722	2,290,068	0	
2014	4,168,522	1,785,234	3,752,282	(461,887)	(184,687)	1,943,270	833,164	1,943,270	833,164	67	540,348	36,311,411	907,785	544,671	1,857,986	0	
2015	4,336,017	1,714,942	3,917,055	(488,485)	(174,321)	1,943,270	833,164	1,943,270	833,164	67	561,962	37,763,067	944,067	566,558	1,361,813	0	
2016	4,514,566	1,647,494	4,092,070	(516,466)	(163,265)	1,943,270	833,164	1,943,270	833,164	67	584,441	39,274,422	981,861	588,116	878,600	0	
2017	4,704,282	1,582,862	4,276,817	(545,420)	(151,488)	1,943,270	833,164	1,943,270	833,164	67	607,818	40,845,399	1,021,135	612,681	322,610	0	
2018	4,905,267	1,520,362	4,468,893	(574,905)	(139,413)	1,943,270	833,164	1,943,270	833,164	67	632,131	42,478,215	1,061,980	637,156	185,998	(2,827,801)	
2019	5,117,617	1,460,562	4,668,893	(605,055)	(126,848)	1,943,270	833,164	1,943,270	833,164	67	657,416	44,178,363	1,104,480	662,678	178,101	(2,834,977)	
2020	5,341,480	1,403,078	4,874,289	(636,402)	(113,900)	1,943,270	833,164	1,943,270	833,164	67	683,713	46,945,519	1,148,036	689,163	172,467	(2,763,600)	
2021	5,587,054	1,347,863	5,084,289	(668,191)	(100,600)	1,943,270	833,164	1,943,270	833,164	67	711,062	49,783,339	1,194,583	718,750	166,000	(2,581,391)	
2022	5,844,447	1,294,422	5,298,992	(700,425)	(86,956)	1,943,270	833,164	1,943,270	833,164	67	739,504	52,694,873	1,242,387	745,420	158,828	(2,388,219)	
2023	6,113,661	1,243,968	5,498,470	(733,693)	(72,758)	1,943,270	833,164	1,943,270	833,164	67	768,084	55,684,480	1,292,061	775,237	154,005	(2,185,108)	
2024	6,404,801	1,194,920	5,700,000	(767,881)	(58,085)	1,943,270	833,164	1,943,270	833,164	67	797,849	58,749,756	1,343,744	806,246	148,301	(2,072,838)	
2025	6,717,882	1,147,997	5,913,711	(802,885)	(43,030)	1,943,270	833,164	1,943,270	833,164	67	828,841	61,890,719	1,397,494	838,496	142,808	(2,252,141)	
2026	7,052,913	1,102,726	6,139,783	(839,187)	(27,112)	1,943,270	833,164	1,943,270	833,164	67	861,115	65,115,738	1,453,393	872,036	137,520	(2,123,714)	
2027	7,419,911	1,059,331	6,378,781	(877,130)	(10,203)	1,943,270	833,164	1,943,270	833,164	67	894,720	68,524,156	1,511,529	906,918	132,428	(1,996,218)	
2028	7,819,314	1,017,645	6,630,366	(915,669)	3,072	1,943,270	833,164	1,943,270	833,164	67	929,709	72,114,811	1,571,990	943,194	127,522	(1,868,267)	
2029	8,251,813	977,286	6,898,370	(955,527)	14,427	1,943,270	833,164	1,943,270	833,164	67	971,137	75,894,739	1,634,870	980,822	122,708	(1,740,457)	
2030	8,716,913	938,128	7,174,613	(996,785)	25,012	1,943,270	833,164	1,943,270	833,164	67	1,012,062	80,880,511	1,700,285	1,020,158	118,250	(1,516,339)	
2031	9,205,131	892,172	7,460,937	(1,039,159)	34,867	1,943,270	833,164	1,943,270	833,164	67	1,052,546	86,101,016	1,768,278	1,060,896	113,671	(1,387,438)	
2032	9,717,099	848,070	7,768,240	(1,082,029)	44,030	1,943,270	833,164	1,943,270	833,164	67	1,094,647	91,574,250	1,839,068	1,103,404	108,653	(1,225,438)	
2033	10,252,411	804,565	8,084,665	(1,125,846)	52,536	1,943,270	833,164	1,943,270	833,164	67	1,138,833	97,304,966	1,912,567	1,147,540	106,582	(1,059,230)	
2034	10,819,478	762,802	8,418,467	(1,170,016)	60,420	1,943,270	833,164	1,943,270	833,164	67	1,184,170	103,304,772	1,989,080	1,193,442	101,681	(889,842)	
2035	11,408,810	723,328	8,764,894	(1,215,912)	67,713	1,943,270	833,164	1,943,270	833,164	67	1,231,329	109,584,283	2,068,632	1,241,179	87,915	(717,479)	
2036	12,020,000	686,047	9,124,640	(1,263,353)	74,448	1,943,270	833,164	1,943,270	833,164	67	1,280,582	116,254,085	2,151,377	1,290,628	94,289	(542,536)	
2037	12,652,863	641,145	9,494,611	(1,312,718)	80,958	1,943,270	833,164	1,943,270	833,164	67	1,314,731	123,324,887	2,208,747	1,325,248	89,633	(366,546)	
2038	13,317,826	604,341	9,878,124	(1,364,702)	81,586	1,943,270	833,164	1,943,270	833,164	67	1,349,790	130,705,894	2,287,817	1,380,586	85,206	(189,751)	
2039	14,014,480	572,991	10,262,417	(1,419,089)	86,370	1,943,270	833,164	1,943,270	833,164	67	1,385,784	138,424,718	2,328,116	1,396,871	80,999	(12,362)	
2040	14,743,467	543,656	10,652,063	(1,474,811)	100,729	1,943,270	833,164	1,943,270	833,164	66	1,422,739	146,503,662	2,333,282	1,399,975	73,165	163,812	
2041	15,504,228	516,992	11,042,718	(1,530,236)	104,868	1,943,270	833,164	1,943,270	833,164	64	1,460,678	154,943,421	2,337,088	1,402,251	69,711	337,808	
2042	16,296,305	492,285	11,442,315	(1,588,020)	108,265	1,943,270	833,164	1,943,270	833,164	62	1,499,630	163,758,904	2,339,422	1,403,854	64,611	510,785	
2043	17,119,291	469,336	11,852,058	(1,646,255)	111,487	1,943,270	833,164	1,943,270	833,164	61	1,539,620	172,954,896	2,340,222	1,404,133	60,646	642,116	
2044	17,972,827	448,269	12,272,427	(1,704,558)	114,372	1,943,270	833,164	1,943,270	833,164	59	1,580,677	182,550,051	2,339,401	1,403,641	56,393	851,683	
2045	18,856,478	428,031	12,702,187	(1,762,447)	116,939	1,943,270	833,164	1,943,270	833,164	58	1,622,828	192,454,888	2,336,872	1,402,123	51,235	1,020,057	
2046	19,769,773	408,580	13,142,222	(1,819,993)	119,208	1,943,270	833,164	1,943,270	833,164	56	1,666,103	202,674,788	2,332,945	1,399,527	47,352	1,186,615	
2047	20,712,267	389,814	13,592,452	(1,877,453)	121,191	1,943,270	833,164	1,943,270	833,164	54	1,710,533	213,220,081	2,328,325	1,398,795	43,727	1,351,533	
2048	21,694,524	371,673	14,052,681	(1,934,851)	122,910	1,943,270	833,164	1,943,270	833,164	53	1,756,147	224,104,559	2,318,114	1,390,668	40,345	1,514,786	
2049	22,716,980	354,107	14,522,910	(1,992,173)	124,379	1,943,270	833,164	1,943,270	833,164	51	1,802,978	235,332,450	2,307,811	1,384,687	37,191	1,678,358	
2050	23,779,981	337,161	15,003,139	(2,049,820)	125,613	1,943,270	833,164	1,943,270	833,164	50	1,851,627	246,912,424	2,295,311	1,377,186	34,249	1,846,220	
2051	24,883,874	320,876	15,492,368	(2,107,000)	126,826	1,943,270	833,164	1,943,270	833,164	48	1,900,118	258,850,086	2,280,502	1,368,301	31,508	1,994,354	

Key Deal Parameters:
 Percentage Rent Annual % Incr. 3.75%
 Percentage Rent Freeze 2003 - 2006
 2004 Unit Price Increase 8.00%
 Current Admin Transfer Fee 1.00%
 Increased Admin Transfer Fee 2.50%
 Assumed Condo Project Repairs Acct Interest % (County Pool) 4.00%
 Unit Price Appreciation, 2004 - 2037 4.00%
 Unit Price Appreciation, 2038 - Lease Expiration 2.67%
 County PV Discount Rate 8.00

Schedule 4B to Exhibit V
Assumptions for Schedule 4A

See the attached

Schedule 4B

Marina City Club: Additional Potential Rent Example Assumptions

PARTICIPATION FEE ASSUMPTIONS

- 1/1/2004 Assumed Date of Start of Deal
- 6/1/2004 Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
- 8.00% Base County Target Earnings Rate
- 0.00% Differential for County Target Earnings Rate
- 8.00% County Target Earnings Rate - Ground Rent
- 8.00% County Target Earnings Rate - Participation
- 4.00% Interest Rate on Loan
- 87.2 Assumed Number of Units Sold Per Year
- \$325,000 Assumed Average Selling Price - 2003 Dollars
- 8.00% Assumed One-Time Increase in 2004
- 4.00% Increase in Selling Prices - 2005 through 2037
- 2.67% Increase in Selling Prices - 2038 through 2052
- 21,840,000 Assumed Unit Sale Proceeds in 2002
- 1.00% Current Participation Fee Paid to County
- 2.50% Participation Fee to be Paid to County Starting in 2003, through 2019
- 2.50% Participation Fee to be Paid to County Starting in 2020 on
- \$350,000 Assumed Promenade Value
- 0.00% Increase in Participation Fee In 2026
- 1 Sale decay trigger - 1 indicates decay of 2 per year after 2040
- 1 Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

- 7.72% 2002 Increase in MCC Ground Rent (Actual)
- 7.76% 2003 assumed ground rent increase
- 3.75% 2004 assumed ground rent increase
- 3.75% 2005 assumed ground rent increase
- 2019 Rent Deficiency Analysis Year
- 3.75% Shadow Rent Annual Percentage Increase from 2003 to March 2019
- 4.96% Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

ILLUSTRATIVE CALCULATION OF ADDITIONAL POTENTIAL RENT DUE

	Illustrative Percentage Rent Due at 12.5% Rate	Percentage Rent Due Assuming a 15% Rate starting 2016	Past Due Percentage Rent Owed to County	Assumed County Pool Rate	Cumulative Past Due Percentage Rent with Interest
2016	4,000,000	4,800,000	800,000	n/a	800,000
2017	4,150,000	4,980,000	830,000	4.5%	1,666,000
2018	4,305,625	5,166,750	861,125	4.0%	2,593,765
2019 (1 qtr only)	4,467,086	5,360,503	893,417	4.2%	2,844,354
Target Overall Shortfall Net of Easement Value, Including Cumulative Past Due Percentage Rent					\$2,344,354

To determine Ground Rental Increase from Rent Adjustment Analysis, set the cell in BOLD to a new rate such that the Overall Shortfall Net of Easement Value at the bottom of column (16) of the calculation equals no more than (\$500,000) PLUS the Cumulative Past Due Percentage Rent with Interest, as illustrated above.

EXHIBIT W

Provisions Regarding Condominium Project Maintenance Account

I. Definitions

As used in this Exhibit W:

“Accrued Administrative Transfer Fee Payment” means the amount, if any, paid to County by Lessee pursuant to clause (i) of paragraph 9 of Exhibit B to the amendment to the Lease captioned “Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel), No. 55624, Parcel No. 125R – Marina Del Rey Small Craft Harbor”.

“Applicable Percentage” means the aggregate “Operating Expense Percentage” for the Category A Units, as provided and as defined in the Master Condominium Sublease.

“Base Year Amount” means the product of (i) Two Million Four Hundred Twenty-Nine Thousand Eighty-Eight Dollars (\$2,429,088), and (ii) the Applicable Percentage.

“Condominium Project Repairs Account” has the meaning given such term in subsection 14.05.A of the Lease.

“Contributed Repair Funds” means, as of any date, all amounts deposited by County into the Condominium Project Repairs Account.

“County Pool Rate” means, for any applicable period, a floating rate equal to the investment yield earned on the County’s Treasury Pool during such period, as contained in County’s Report of Investments covering such period.

“Covered Repairs” means those repairs, refurbishments and improvements described on Schedule 1 attached hereto.

“Disbursed Repair Funds” means all amounts disbursed from the Condominium Project Repairs Account from time to time in accordance with Section III.E below.

“Disbursed Repair Funds Balance” means, as of any date, the amount equal to (i) the total Disbursed Repair Funds, plus (ii) the interest accrued thereon as provided in Section III.C below, minus (iii) the sum of the Accrued Administrative Transfer Fee Payment, if any, and all Increased Administrative Transfer Fees credited thereto pursuant to Section III.D below.

“Disbursement Request” means a written request by Lessee for a disbursement from the Condominium Project Repairs Account, in the form described in Section III.E below.

“Increased Administrative Transfer Fee” means an amount equal to sixty percent (60%) of each Administrative Transfer Fee paid to County by Lessee with respect to a Category A Unit pursuant to Section 5.12 of the Lease. No portion of any Administrative Transfer Fee relating to a Category B Unit shall be considered part of the “Increased Administrative Transfer

Fees” for purposes of this Exhibit W or any other provision of the Lease.

“Initial Deposit Date” means the date on which the Memorandum (as defined in Section 2 of the amendment to the Lease captioned “Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R-Marina del Rey Small Craft Harbor”) is recorded in the Official Records of Los Angeles County, California.

“Lien Waiver” means a Conditional Waiver and Release Upon Final Payment or an Unconditional Waiver and Release Upon Final Payment, in each case as described in and meeting the requirements of California Civil Code Section 3262, as it may be amended or replaced by successor statutes from time to time.

“Notice of Completion” means a notice of completion as described in and meeting the requirements of California Civil Code Section 3093, as it may be amended or replaced by successor statutes from time to time.

“Payment Credit Period” means the period commencing on the Initial Deposit Date and ending on the earlier of (i) December 31, 2022, or (ii) the date on which the Disbursed Repair Funds Balance has been reduced to zero pursuant to Section III.D below.

II. County Contributions to Condominium Project Repairs Account

County shall make the following deposits into the Condominium Project Repairs Account:

(a) Not later than fifteen (15) days after the Initial Deposit Date, the product of (i) the amount of Two Million Nine Hundred Eighty-Eight Thousand Thirty-Nine Dollars (\$2,988,039), and (ii) the Applicable Percentage.

(b) Not later than January 10 of each of the years commencing with 2005 and ending with 2007, the amount by which the Percentage Rent for the Category A Units received by County for the immediately preceding year (i.e., 2004, 2005 and 2006, respectively) exceeds the Base Year Amount.

III. Disbursements from Condominium Project Repairs Account

A. Amounts Available for Disbursement

All funds in the Condominium Project Repairs Account shall be deemed to bear interest at the County Pool Rate, compounded annually, until disbursed pursuant to Section III.E below (i.e., the funds available for disbursement shall equal the Contributed Repair Funds plus the deemed interest thereon).

B. Authorized Disbursements

The funds in the Condominium Project Repairs Account are to be disbursed to reimburse Lessee for the Applicable Percentage of the costs of the completed Covered Repairs, and for no other purpose. Such funds are not intended to be, and shall not be, disbursed to

reimburse the cost of the Covered Repairs allocable to the Category B Units. Lessee may request a disbursement from the Condominium Project Repairs Account in an amount equal to the Applicable Percentage of the cost of a particular Covered Repair when the same has been completed, as more particularly provided in and subject to the other disbursements conditions contained in Section III.E below. The costs of a Covered Repair that qualify for reimbursement shall include all hard and soft costs of designing, contracting for, supervising, and installing such Covered Repair, including, without limitation, all consultant, engineering, project design, architecture, bid supervision, construction management, permitting, plan check, life safety review, ADA compliance, and other similar costs relating to such Covered Repair.

C. Interest on Disbursed Repair Funds

Interest shall accrue on the Disbursed Repair Funds Balance then outstanding at the rate equal to the County Pool Rate, compounded annually, from the date disbursed until such time as the Disbursed Repair Funds Balance has been reduced to zero pursuant to Section III.D or otherwise paid in full pursuant to subsection 14.05.B of the Lease. Said interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

D. Reduction and Payment of Disbursed Repair Funds Balance

The Accrued Administrative Transfer Fee Payment and each Increased Administrative Transfer Fee received by County during the Payment Credit Period shall be deemed to have been applied by County to the Disbursed Repair Funds Balance on the date received. As provided in subsection 14.05.B of the Lease, on February 28, 2023, Lessee shall pay County an amount equal to the remaining Disbursed Repair Funds Balance if the same has not been reduced to zero pursuant to the previous sentence or otherwise.

E. Disbursement Procedures

County shall disburse the funds in the Condominium Project Repairs Account to Lessee as it may request from time to time pursuant to a Disbursement Request in the form attached as Schedule 2 hereto, subject to and in accordance with the following conditions and procedures:

1. Lessee may not request a disbursement for a particular Covered Repair until it has been completed and all costs thereof have been paid in full.
2. A Disbursement Request may cover more than one Covered Repair.
3. Lessee may not deliver a Disbursement Request prior to the date that is thirty (30) days after the previous Disbursement Request, except as provided in paragraph 5 below.
4. Each Disbursement Request shall be accompanied by the following items for each Covered Repair that is the subject of such Disbursement Request:
 - (a) a copy of the recorded Notice of Completion relating to the applicable Covered Repair or, if no Notice of Completion is being recorded and a

prudent owner would not require the recordation of a Notice of Completion for the Covered Repair given its scope, cost and nature, a certificate from the general contractor stating that the applicable Covered Repair has been completed;

(b) copies of invoices from each contractor or vendor that supplied labor or materials for the applicable Covered Repair (said invoices must describe the project or job site location and the work or materials supplied in such a manner that it can reasonably be determined that the amounts paid to the contractor or vendor were for the applicable Covered Repair) that equal, in the aggregate, not less than the portion of the total cost of the Covered Repair set forth in the Disbursement Request for which reimbursement is requested;

(c) except as provided in subparagraph (d) below, a copy of a Lien Waiver from each contractor or vendor that supplied labor or materials for the applicable Covered Repair and, for each such Lien Waiver that is conditional, a copy of the check described in such Lien Waiver;

(d) for any person who provided labor, materials or services for the Covered Repair but from whom a Lien Waiver was not obtained, reasonably satisfactory evidence that such person has been paid in full or that Lessee has posted a bond therefor, in compliance with California Civil Code Section 3143 (if applicable) and Section 4.06.C of the Lease;

(e) reasonably satisfactory evidence that all permits required for the applicable Covered Repair were obtained and that the Covered Repair complies with all applicable laws, codes and regulations as completed (such compliance may be demonstrated by, among other things, proper notations on the permit card by the appropriate governmental official following his or her final inspection of the completed work); and

(f) such additional items as County may reasonably request to verify that the applicable Covered Repair has been completed and all costs thereof have been paid in full and that Lessee is in compliance with Section 4.06.C of the Lease.

5. Not later than fifteen (15) days after its receipt of a Disbursement Request and the related items described in paragraph 4 above, County shall either (i) disburse to Lessee an amount equal to the Applicable Percentage of the cost of the applicable Covered Repair, as demonstrated by the Disbursement Request and the related items, or (ii) notify Lessee in writing that County is disapproving the Disbursement Request on the grounds that it covers costs that are not attributable to a particular Covered Repair or that the Disbursement Request (or any of the related required items) is incomplete. If County disapproves a Disbursement Request because County determines that it is incomplete, then County's notice shall specify the incomplete or missing items; Lessee may then submit a revised Disbursement Request when it believes that the same is complete, and the County shall review the same and act in accordance with the first sentence of this paragraph 5 with respect thereto.

IV. Schedules

Schedules 1 and 2 to this Exhibit W are hereby incorporated into and form a part of this Exhibit W as if set forth herein in full.

Schedule 1 to Exhibit W

COVERED REPAIRS

Item Number	Description of Task	Completion Date
<u>PART I - Priority Repairs</u>		
1	Replace 5 Trash Chutes	30 Months from effective date of Amendment # 4
2	Roof West Tower (N & S)	30 Months from effective date of Amendment # 4
3	Retile Showers, replace leaking valves	36 Months from effective date of Amendment # 4
4	Install parking garage lighting in 24hr Lot	12 Months from effective date of Amendment # 4
5	Replace Roof Exhaust Fans	30 Months from effective date of Amendment # 4
6	Replace bilge pumps - basement	24 Months from effective date of Amendment #4
7	Replace Plaza level & Main backflow valves	24 Months from effective date of Amendment #4
8	Replace 4 boilers Center & East Twrs	20 Months from effective date of Amendment #4
9	Overhaul Center Tower Chiller	30 Months from effective date of Amendment #4
10	Replace Fire Pump Controllers	24 Months from effective date of Amendment #4
11	Rebuild 9 hydraulic Elevators	36 Months from effective date of Amendment #4
12	Exterior Stucco Repairs ETN, WTN & CTN	30 Months from effective date of Amendment #4
13	Repair Staircase Stucco Walls	30 Months from effective date of Amendment #4
14	Repave & rebuild Marina City Drive	36 Months from effective date of Amendment #4
15	Replace Chilled Water lines	36 Months from effective date of Amendment #4
16	Install Otis elevator sensors	24 Months from effective date of Amendment #4
17	Replace Exterior Glass & Frames	63 Months from effective date of Amendment #4
18	Paint / replace window aluminum mullions	36 Months from effective date of Amendment #4
19	Retile 3 pools & jacuzzi	36 Months from effective date of Amendment #4
20	Remove Planters & Install Pots @ 3 PK Str.	30 Months from effective date of Amendment #4
21	Structural concrete repair 3 Plaza's & Tower Pk	18 Months from effective date of Amendment #4
22	Center Tower roof - North	36 Months from effective date of Amendment #4
23	Center Tower roof - South	36 Months from effective date of Amendment #4
24	Replace West Tower cooling tower	36 Months from effective date of Amendment #4
25	Replace garage lighting	12 Months from effective date of Amendment #4
26	Rebuild Center Tower Circulating Pump	12 Months from effective date of Amendment #4
27	Parking - Structural Repairs - Center	30 Months from effective date of Amendment #4
28	Parking - Structural Repairs - East	36 Months from effective date of Amendment #4
29	Parking - Structural Repairs - West	42 Months from effective date of Amendment #4
30	Replace Trash Chute - West Tower North	12 Months from effective date of Amendment #4
31	Replace 2 boilers - West Tower	12 Months from effective date of Amendment #4

PART II - Other Repairs

- 1 Replace Heat Pumps - West Tower
- 2 Replace and waterproof center tower kitchen floor
- 3 Repair structural elements of shared area decks
- 4 Paint East Tower exterior
- 5 Paint Center Tower exterior
- 6 Paint West Tower exterior
- 7 Install individual heat pumps in Center Tower
- 8 Install individual heat pumps in East Tower
- 9 Replaced 10 heat pumps - West Tower
- 10 Replace galv. plumbing in CT units & related Shared Area
- 11 Replace galv. plumbing in ET units & related Shared Area
- 12 Replace galv. plumbing in WT units & related Shared Area
- 13 Replace HVAC system, floors 1-3 Center Tower
- 14 Recaulk & repair of CT & related SA Windows & Mullions
- 15 Recaulk & repair of ET & related SA Windows & Mullions
- 16 Recaulk & repair of WT & related SA Windows & Mullions
- 17 Rebuild Fancoil units in shared area

Schedule 2 to Exhibit W

Form of Disbursement Request

DISBURSEMENT REQUEST
(Marina City Club Condominiums)

This Disbursement Request is made by Essex Marina City Club, L.P., a California limited partnership ("Lessee") for the purpose of requesting a disbursement from the "Condominium Project Repairs Account" described in Exhibit W to that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel), No. 55624, Parcel No. 125R – Marina Del Rey Small Craft Harbor dated as of _____, 2004 between County of Los Angeles and Lessee. All initially-capitalized terms used but not defined in this Disbursement Request have the meanings given such terms in said Exhibit W.

1. Covered Repair(s). The Covered Repair(s) that is/are the subject of this Disbursement Request consists of *[describe work, utilizing the same description as set forth in Schedule 1]*.

2. Cost of Covered Repair(s); Requested Disbursement Amount. Lessee and/or the Owners Association has paid a total of \$_____ for the Covered Repair(s) that is/are the subject of this Disbursement Request. The Applicable Percentage (i.e., the portion of the cost of the Covered Repair attributable to the Category A Units to be reimbursed by County to the extent of the funds available in the Condominium Project Repairs Account) is ____%. Accordingly, Lessee hereby requests a disbursement from the Condominium Project Repairs Account in the amount of \$_____.¹

3. Certifications. To induce County to make the disbursement from the Condominium Project Repairs Account requested in this Disbursement Request, Lessee hereby certifies, to the best of its knowledge, as follows:

3.1 the Covered Repair(s) that is/are the subject of this Disbursement Request have been completed and accepted by Lessee (subject to any latent or other defects of which Lessee is unaware);

3.2 the costs of the Covered Repair(s) that is/are the subject of this Disbursement Request have been paid in full, and the amount set forth in the first sentence of paragraph 2 of this Disbursement Request is net and exclusive of any rebates, refunds, credits and other discounts provided to Lessee or the Owners Association with respect to such Covered Repair(s);

3.3 except as otherwise stated in Attachment 4, a Lien Waiver was obtained from each person or entity that supplied labor or materials for, or otherwise rendered services relating to, the Covered Repair(s) that is/are the subject of this Disbursement Request;

¹ The amount to be disbursed is the product of the cost of the Covered Repair and the Applicable Percentage.

3.4 the aggregate amount of the Disbursed Repair Funds (excluding amounts to be disbursed pursuant to this Disbursement Request) equals \$_____;

3.5 true and correct copies of the following items for each Covered Repair that is the subject of this Disbursement Request are attached hereto:

- (1) as Attachment 1, a copy of the [recorded Notice of Completion or certificate from the general contractor stating that the Covered Repair has been completed];
- (2) as Attachment 2, copies of all invoices for the portion of the Covered Repair for which reimbursement is requested;
- (3) as Attachment 3, copies of all Lien Waivers relating to the Covered Repair;
- (4) as Attachment 4, (i) a list of all persons and entities who provided labor, materials or services for the Covered Repair from whom or which a Lien Waiver was not obtained, and (ii) documents evidencing that such persons and entities have been paid in full or that Lessee has posted a bond therefor, in compliance with California Civil Code Section 3143 (if applicable) and Section 4.06.C of the Lease;
- (5) as Attachment 5, documents evidencing that all permits required for the applicable Covered Repair were obtained and that the Covered Repair complies with all applicable laws, codes and regulations as completed;
- (6) as Attachment 6, a certificate signed by two officers of the Owners Association that states that the Owners Association has accepted the applicable Covered Repair (subject to any latent or other defects of which the Owners Association is unaware); [and
- (7) as Attachment 7, *describe other documents required by County.*]

3.6 each of the undersigned individuals is an officer of Lessee and holds the title listed beneath his or her printed name.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the individuals executing this Disbursement Request on behalf of Lessee represents, warrants and certifies to County that, to the best of his or her information and belief, each of the statements made in this Disbursement Request is true and accurate in all respects.

LESSEE: ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____